

AR40



ANNUAL REPORT

for the fiscal year ended April 30, 1967

**LORADO URANIUM MINES
LIMITED**

1967

LORADO URANIUM MINES LIMITED

Officers

HARLOW H. WRIGHT, P.ENG., *President*
S. A. PERRY, F.C.I.S., *Vice-President*
G. D. PATTISON, C.A., *Secretary-Treasurer*
R. A. CRANSTON, Q.C., *Assistant Secretary*
R. D. BELL, C.A., *Assistant Treasurer*

Directors

R. D. BELL, C.A., Willowdale, Ontario
R. A. CRANSTON, Q.C., Toronto, Ontario
EVAN T. DONALDSON, Toronto, Ontario
J. L. C. JENNER, Islington, Ontario
G. D. PATTISON, C.A., Aurora, Ontario
S. A. PERRY, F.C.I.S., Toronto, Ontario
HARLOW H. WRIGHT, P.ENG., Toronto, Ontario

Transfer Agent and Registrar

GUARANTY TRUST COMPANY OF CANADA, Toronto, Ontario

Auditors

GLENDINNING, JARRETT, GOULD & Co., Toronto, Ontario

Solicitors

LANG, MICHENER, CRANSTON, FARQUHARSON & WRIGHT, Toronto, Ont.

Head Office

SUITE 509, 25 ADELAIDE ST. WEST, Toronto 1, Ontario

To the Shareholders

Submitted herewith is your Company's financial statement and Auditors' Report for the fiscal year ended April 30, 1967, and the financial statement and Auditors' Report of your Company's wholly owned subsidiary, Lorado of Bahamas, Limited for the same fiscal period.

Lorado of Bahamas still holds 1,890,000 shares of The Grand Bahama Development Company Limited, representing 16.4% of the Development Company's issued capital.

During 1967 the operations of the Development Company were hampered by a long airline strike during the peak selling season, bad press and publicity especially in the U.S.A. and Europe, a lack of land inventory approved for sale which has since been rectified, closing of the Monte Carlo Casino, and the uncertainties of the change in government.

The opening of The Grand Lucayan Waterway has provided the multi-family and high-rise investment opportunities which were so urgently needed to round out land inventories. Serious negotiations are currently in progress for both a large movie colony complex and a modern university in Lucaya. If these projects materialize, and there is every reason to believe they will, the sales picture should improve considerably.

On August 5th your President met with the Premier of the Bahamas, the Honourable Lynden O. Pindling, and received every assurance of the government's continued support and sponsorship. It is my opinion that the government is in good hands and the future stability of the Bahamas is assured.

On August 7th the Premier gave a major policy address in regard to the Island development. In view of

the importance of this address which reflects the new spirit of cooperation that exists between the government and the Development Company, a copy of his speech is included in a pamphlet "Message to Finance and Investment" which accompanies this report.

As President of Lorado I am pleased to report on certain aspects of the Island development. I would estimate that gross land sales should reach about \$17,400,000 for the Development Company's year ending October 31st, 1967, with an expected net income amounting to about 40% of gross sales.

As stressed in the interim report to shareholders last May, the Development Company holds substantial ownership in companies which provide basic services to the entire Freeport - Lucaya area and which investments also require sizeable amounts of capital.

The Grand Bahama Service Company (49% owned by the Development Company) maintains a 100% ownership of Freeport Taxi Company Limited, The Grand Bahama Airport Company Limited, Freeport Educational Services Limited and Cross Roads Properties Limited. This year the Airport Company launched its fourth major extension of the airport, which is indicative of the increased tempo in travel to the Island. During the past fiscal year Cross Roads Properties Limited successfully opened the International Bazaar which we believe is entirely unique and has already proved to be a popular tourist attraction. Next year will see the commencement of the second phase of the International Bazaar which should have the effect of attracting additional tourists to the Island. Each of the educational facilities has added additional buildings during the past year reflecting the population growth in the area.

LORADO URANIUM MINES LIMITED

The Grand Bahama Utility Company (49% owned by the Development Company) services the area with water and garbage disposal. During the past year they negotiated and consummated the sale of 51% (majority) of the shares in The Grand Bahama Telephone Company, thereby making available a very substantial amount of capital required for the expansion of this service. The Grand Bahama Utility Company retained a 49% ownership of the Telephone Company.

Both The Grand Bahama Service Company and The Grand Bahama Utility Company appear to be operating on a very profitable basis for the first time in their history and earnings of both companies should be substantial.

While the Development Company is not a stockholder in Bahamas Amusements Limited, it does receive the audited net profits of that Company in return for the loans and advances which the Development Company provides. El Casino was successfully opened on January 1st, 1967 and it is reputed to be the largest and most luxurious casino in the Western Hemisphere. The building itself is owned by the Development Company and leased to Bahamas Amusements. The Ludwig interests have already commenced the construction of a 400-room hotel next door to El Casino which will undoubtedly increase the popularity of the Casino.

During the past fiscal year it became necessary because of economic factors to close the Monte Carlo Casino at the Lucayan Beach Hotel. This entailed a good deal of expense which, coupled with other unexpected costs, may result in a loss to Bahamas Amusements Limited. It is anticipated that the loss will be more than offset by the profit realized from the sale of its stock in Paradise Realty Limited which holds the

Casino in Nassau. Hotel subsidies of approximately \$1,700,000 were met out of the Amusement Company's revenue.

As stated previously, The Grand Lucayan Waterway project with its proposed fifteen miles of canals is well underway and will provide a large land inventory of valuable high cost multiple dwelling lots. A major sales effort will be made in this area in 1968.

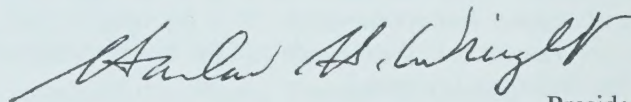
In regard to mining activities the Company has done little during the last fiscal year due to the restrictions on raising funds for this purpose.

No further work was done on the Barrystown prospecting license in Ireland in which your Company retained a 25% interest, and it is anticipated that the license will be dropped in due course.

In the past fiscal year the Company sold over \$200,000 of plant and equipment. The principal asset consisted of the sulphuric acid plant which would have been of little value due to corrosion if it had remained on the property for another year.

It would appear that your Company's investment in shares of The Grand Bahama Development Company will show substantial appreciation based on 1967 operations and the forecast for 1968.

On behalf of the Board,



President.

Toronto, Ontario,
October 11, 1967.

AUDITORS' REPORT



To the Shareholders,
LORADO URANIUM MINES LIMITED.

We have examined the balance sheet of Lorado Uranium Mines Limited as at April 30, 1967 and the related statements of expenses and source and use of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

As reported in the notes to the financial statements, the Company is not operating its mine at Uranium City and the mining buildings and equipment, together with the mine stores and supplies are shown at their net book value. The investment in and advances to Lorado of Bahamas, Limited are included at cost. We are unable to express an opinion as to the realizable value of these assets.

In our opinion, subject to the above comments on certain of the Company's assets, the accompanying balance sheet, together with the notes related thereto and the statements of expenses and source and use of funds present fairly the financial position of the Company as at April 30, 1967 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

GLENDINNING, JARRETT, GOULD & Co.,
Chartered Accountants.

Toronto, Ontario,
September 27, 1967.

LORADO URANIUM MINES LIMITED

(Incorporated under the Laws of the Province of Ontario)

BALANCE SHEET

As at April 30, 1967

(With comparative figures for 1966)

ASSETS

	1967	1966
CURRENT		
Cash	\$ 19,749	50
Accounts receivable	41,106	8,190
Loan receivable, plus accrued interest	49,374	
Prepaid expenses	5,096	5,919
	<u>\$ 115,325</u>	<u>14,159</u>
INVESTMENTS AND ADVANCES		
Lorado of Bahamas, Limited — a wholly owned subsidiary		
Shares — at cost	66,912	66,912
Advances — non-interest bearing		
(1967 — \$4,738,157 U.S.		
1966 — \$4,778,627 U.S.)	5,122,117	5,166,013
	<u>\$ 5,189,029</u>	<u>5,232,925</u>
Canam Copper Company Ltd. Loan bearing interest at 6% per annum		140,400
Debentures of the Municipality of Uranium City — at cost	15,181	16,330
Shares in other mining companies — at book value		
(quoted market value: 1967 — \$1,940		
1966 — \$1,677)	5,119	5,119
	<u>\$ 5,209,329</u>	<u>5,394,774</u>
OTHER		
Mining properties — at cost	\$ 153,087	153,087
Buildings, machinery and equipment — at cost, less proceeds of disposals	\$9,978,083	
Less: Allowance for depreciation	1,777,820	8,393,108
Mine development less amount written off	1,604,446	1,604,446
Inventory of mine stores and supplies — at cost	293,446	306,043
	<u>\$10,251,242</u>	<u>10,456,684</u>

The attached notes form an integral part of these financial statements.

<u>\$15,575,896</u>	<u>15,865,617</u>
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LIABILITIES

	1967	1966
CURRENT		
Bank indebtedness	\$	2,862
Bank loan		678,500
Demand notes payable, plus accrued interest	1,070,151	449,677
Accounts payable and accrued charges	18,312	43,551
	<u>\$ 1,088,463</u>	<u>1,174,590</u>
PROVISION FOR FLUCTUATION IN U.S. EXCHANGE	<u>\$ 270,138</u>	<u>270,138</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized

7,000,000 shares of \$1 each

Issued

6,394,390 shares	\$ 6,394,390	6,394,390
Less: Net discount thereon	2,140,000	2,140,000
	<u>\$ 4,254,390</u>	<u>4,254,390</u>

SURPLUS

Capital surplus

Balance, beginning of year	\$13,737,517	13,737,517
Less: Reduction of investment in Lorado of Bahamas, Limited	54,187	
Balance, end of year	<u>\$13,683,330</u>	<u>13,737,517</u>

Deficit

Balance, beginning of year	\$ 3,571,018	3,385,516
Add: Total expenses for the year (per statement attached)	149,407	185,502
Balance, end of year	<u>\$ 3,720,425</u>	<u>3,571,018</u>
	<u>\$ 9,962,905</u>	<u>10,166,499</u>

Approved on behalf of the Board:

HARLOW H. WRIGHT, Director.

G. D. PATTISON, Director.

<u>\$15,575,896</u>	<u>15,865,617</u>
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LORADO URANIUM MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

April 30, 1967

1. The Company's wholly owned subsidiary, Lorado of Bahamas, Limited owns 1,890,000 shares (as split 4 for 1 during the year) of The Grand Bahama Development Company Limited at a cost of \$2.50 (U.S. funds) per share. Such shares have been hypothecated as collateral security to another mining company in consideration for a loan of \$1,070,151 by that company to Lorado Uranium Mines Limited.

Subsequent to April 30, 1967 the Company borrowed \$500,000 from its bankers. Such loan has been guaranteed by that other mining company which, as collateral security therefor, has deposited with the bank the 1,890,000 shares of The Grand Bahama Development Company Limited.

In consideration for the guarantee of bank loans the Company has caused to be transferred to that other mining company 20,000 shares of The Grand Bahama Development Company Limited, previously owned by Lorado of Bahamas, Limited, the cost of which, at \$2.50 (U.S. funds) per share has been applied in reduction of the advances made by Lorado Uranium Mines Limited to Lorado of Bahamas, Limited.

2. The accounts of Lorado of Bahamas, Limited are not consolidated herewith since we are advised that the subsidiary's financial statements are being submitted concurrently. The accumulated operating deficit of \$23,212 has not been reflected in the accounts of Lorado Uranium Mines Limited.
3. The notes to the financial statements of Lorado of Bahamas, Limited, for the year ended April 30, 1967 state:

"Investment in The Grand Bahama Development Company Limited"

General

The Grand Bahama Development Company Limited was organized under the laws of the

Bahama Islands, principally to conduct the business of real estate sales and development for residential and resort purposes on Grand Bahama Island.

The Investment in the above company represents approximately 16.4% of its issued share capital as at October 31, 1966.

The shares in The Grand Bahama Development Company Limited have been pledged by the parent company, Lorado Uranium Mines Limited, as collateral security to another mining company in consideration for a loan to Lorado Uranium of \$1,070,151 Canadian.

1966 Operations

Net income of The Grand Bahama Development Company Limited was U.S. \$6,771,438 for the fiscal year ended October 31, 1966 and its retained earnings at that date amounted to U.S. \$11,276,376.

The value ascribed to Lorado Uranium Mines Limited's investment in and advances to Lorado of Bahamas, Limited which at April 30, 1967 amounted to \$5,189,029 is dependent upon the realization of the investment of Lorado of Bahamas, Limited in the issued share capital of The Grand Bahama Development Company Limited.

4. The Company is not operating its mining buildings, machinery and equipment at Uranium City which, together with its inventory of mine stores and supplies are stated on the attached balance sheet at a net book value of \$8,493,709. Some further realizations of equipment, mine stores and supplies are expected on which losses are anticipated. No depreciation on buildings and equipment has been provided in the operating accounts for the past eight years.



STATEMENT OF EXPENSES

For the year ended April 30, 1967

(With comparative figures for 1966)

	1967	1966
Plant shut down expenses less sundry recoveries	\$ 30,628	77,276
Head Office administration and general expenses	37,498	48,820
Interest expense	83,434	67,768
Exploration and development	3,288	582
	<u>\$ 154,848</u>	<u>194,446</u>
Less: Investment income	5,441	8,944
Total expenses for the year	<u>\$ 149,407</u>	<u>185,502</u>
Note: The above statement includes a provision for directors' fees in the amount of	\$ 7,920	8,400

STATEMENT OF SOURCE AND USE OF FUNDS

For the year ended April 30, 1967

(With comparative figures for 1966)

	1967	1966
SOURCE OF FUNDS		
Repayment of loan	\$ 93,600	
Loan instalment transferred to current assets	46,800	
Sale of investments	1,149	1,095
Sale of other assets	205,442	92,278
	<u>\$ 346,991</u>	<u>93,373</u>
USE OF FUNDS		
Expenses for the year	\$ 149,407	185,502
Advances to subsidiary company	10,291	350
	<u>\$ 159,698</u>	<u>185,852</u>
INCREASE (DECREASE)	<u>\$ 187,293</u>	<u>(92,479)</u>

NOTE: During the year ended April 30, 1967 a reduction of \$54,187 in advances to subsidiary was charged against capital surplus.

LORADO OF BAHAMAS, LIMITED

(Incorporated under the Laws of the Bahama Islands)

BALANCE SHEET

April 30, 1967

(Expressed in U.S. Dollars)

ASSETS

CURRENT ASSETS

Cash	170.26
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INVESTMENT, at cost

1,890,000 shares, par value 15/- each, The Grand Bahama Development Company Limited (see note)	4,725,000.00
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	<u>\$ 4,725,170.26</u>
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LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued liabilities	225.00
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ADVANCES FROM PARENT COMPANY,

Lorado Uranium Mines Limited, non-interest bearing	4,738,157.16
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Total liabilities	<u>4,738,382.16</u>
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CAPITAL STOCK, CONTRIBUTED SURPLUS AND DEFICIT

Share capital

Authorized and issued, 500,000 shares, par value

1d each	5,833.33
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Contributed surplus	4,166.67
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	<u>10,000.00</u>
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Deficit	23,211.90
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Excess of deficit over capital stock and contributed surplus	(13,211.90)
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	<u>\$ 4,725,170.26</u>
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Approved on behalf of the Board.

HARLOW H. WRIGHT, Director.

S. A. PERRY, Director.

NOTE TO FINANCIAL STATEMENTS

Year ended April 30, 1967

*Investment in The Grand Bahama Development Company Limited.**General*

The Grand Bahama Development Company Limited was organized under the laws of the Bahama Islands, principally to conduct the business of real estate sales and development for residential and resort purposes on Grand Bahama Island.

The investment in the above company represents approximately 16.4% of its issued share capital as at October 31, 1966.

The shares in The Grand Bahama Development Company Limited have been pledged by the parent company, Lorado Uranium Mines Limited, as collateral security to another mining company in consideration for a loan to Lorado Uranium of \$1,070,150.64 Canadian.

1966 Operations

Net income of The Grand Bahama Development Company Limited was U.S. \$6,771,438 for the fiscal year ended October 31, 1966 and its retained earnings at that date amounted to U.S. \$11,276,376.

STATEMENT OF DEFICIT

Year ended April 30, 1967

(Expressed in U.S. Dollars)

Deficit at beginning of year		22,963.22
Expenses for year		
Audit and accounting	100.00	
Legal	148.68	248.68
Deficit at end of year		<u>\$23,211.90</u>

AUDITORS' REPORT

To the Shareholders of
LORADO OF BAHAMAS, LIMITED

We have examined the balance sheet of Lorado of Bahamas, Limited as at April 30, 1967 and the statement of deficit for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the aforementioned financial statements present fairly the financial position of the company as at April 30, 1967 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Nassau, Bahamas
May 10, 1967

THORNE, MULHOLLAND, HOWSON & MCPHERSON
Chartered Accountants

LORADO URANIUM MINES LIMITED

Suite 509, 25 Adelaide Street West
Toronto 1, Ontario

STATEMENT OF SOURCE AND USE OF FUNDS

Six months ended October 31, 1967
(unaudited)

SOURCE OF FUNDS

Sale of assets	17,292
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USE OF FUNDS

Expenses for the period	78,457	
Advances to subsidiary company	260	
Cancellation of previous year's sale of assets	22,000	100,717

INCREASE IN WORKING CAPITAL DEFICIENCY	\$ 83,425
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WORKING CAPITAL DEFICIENCY

	April 30, 1967	October 31, 1967	Increase
Current assets	115,325	18,652	
Current liabilities	1,088,463	1,075,215	
	\$ 973,138	\$ 1,056,563	\$ 83,425

STATEMENT OF EXPENSES

Six months ended October 31, 1967
(unaudited)

Plant shutdown expenses less sundry recoveries	14,998
Head office administration and general expenses	27,359
Interest expense	36,100
Total expenses for the period	\$ 78,457

NOTE: The above Statement of Source and Use of Funds and Statement of Expenses are the first interim financial statements of the Company issued pursuant to the requirements of The Corporations Act and The Securities Act, 1966 of the Province of Ontario. The information relating to the comparable period in the Year 1966 has been omitted because same is not readily available.

November 28, 1967.



INTERIM REPORT TO SHAREHOLDERS ON
THEIR GRAND BAHAMA ISLAND INVESTMENT

AR40

LORADO

URANIUM
MINES LIMITED



FROM RAW LAND TO A BURGEONING DOMAIN . . .
ALL THIS SINCE 1963—AND MUCH MORE TO COME





THE PRESIDENT'S SUMMARY OF PROGRESS

This report highlights the progress achieved through the investment of Lorado in the development being carried out in the Bahamas by the Grand Bahama Development Company, Limited.

Considering that Lucaya / Freeport was no more than a barren island tract in the early part of this decade, the development of the island to date is truly remarkable, and profits from invested capital are now justifying earlier expectations.

The broad range of your company's investment, with its participation in land development, amusements, utilities, retailing and other facets of the integrated plan, is substantial.

Since 1963 Grand Bahama's population has grown from 9,500 to 30,500. Housing and apartment units have expanded from 254 to 3,300. Luxury hotel rooms — more than 3,000 and growing — exceeded 1963's total number of Freeport citizens. Only 1,850 persons lived in Freeport proper when the Development Program began. By 1970 Grand Bahama is expected to have a population of 85,000.

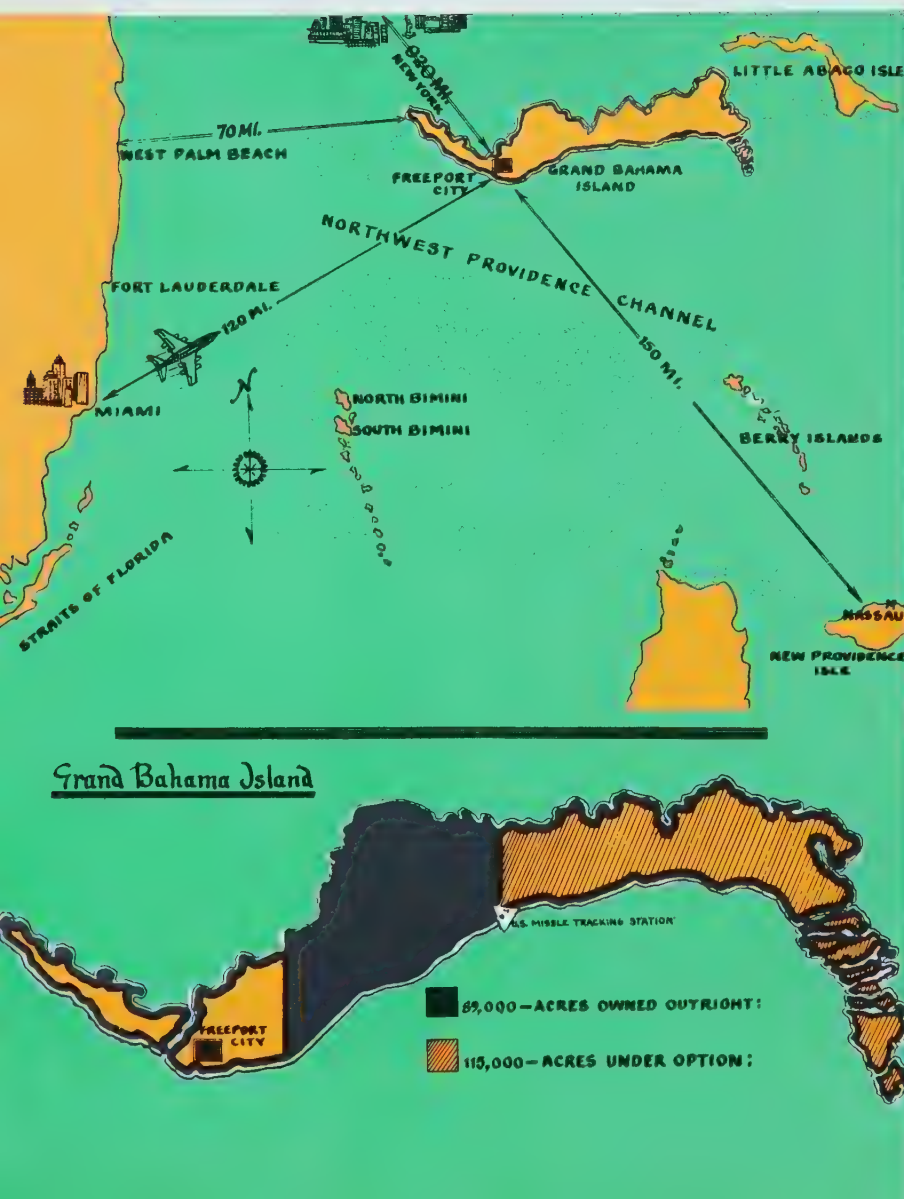
Through its investment, Lorado has a 16.5% interest in profits from land sales and casino operations, and a 8% interest in most of the other associated companies.

Profits from all operations are beginning to build a broad earnings base not present in most real estate enterprises of this nature.

Beginning with the accompanying chart (opposite page) this report is designed to show clearly the income potential in all phases of the Development Company's activities — participated in by Lorado shareholders.

On behalf of the Board,

Harlan H. Wright
President.



Grand Bahama is a holiday-hop from the American mainland — 120 miles from Miami, 96 miles from Ft. Lauderdale. Freeport International Airport is served by luxury jet planes from London, Toronto, New York, Florida, Boston, Philadelphia, Baltimore, Washington, Newark — New Orleans and Dallas.

BREAKDOWN OF PARTICIPATIONS

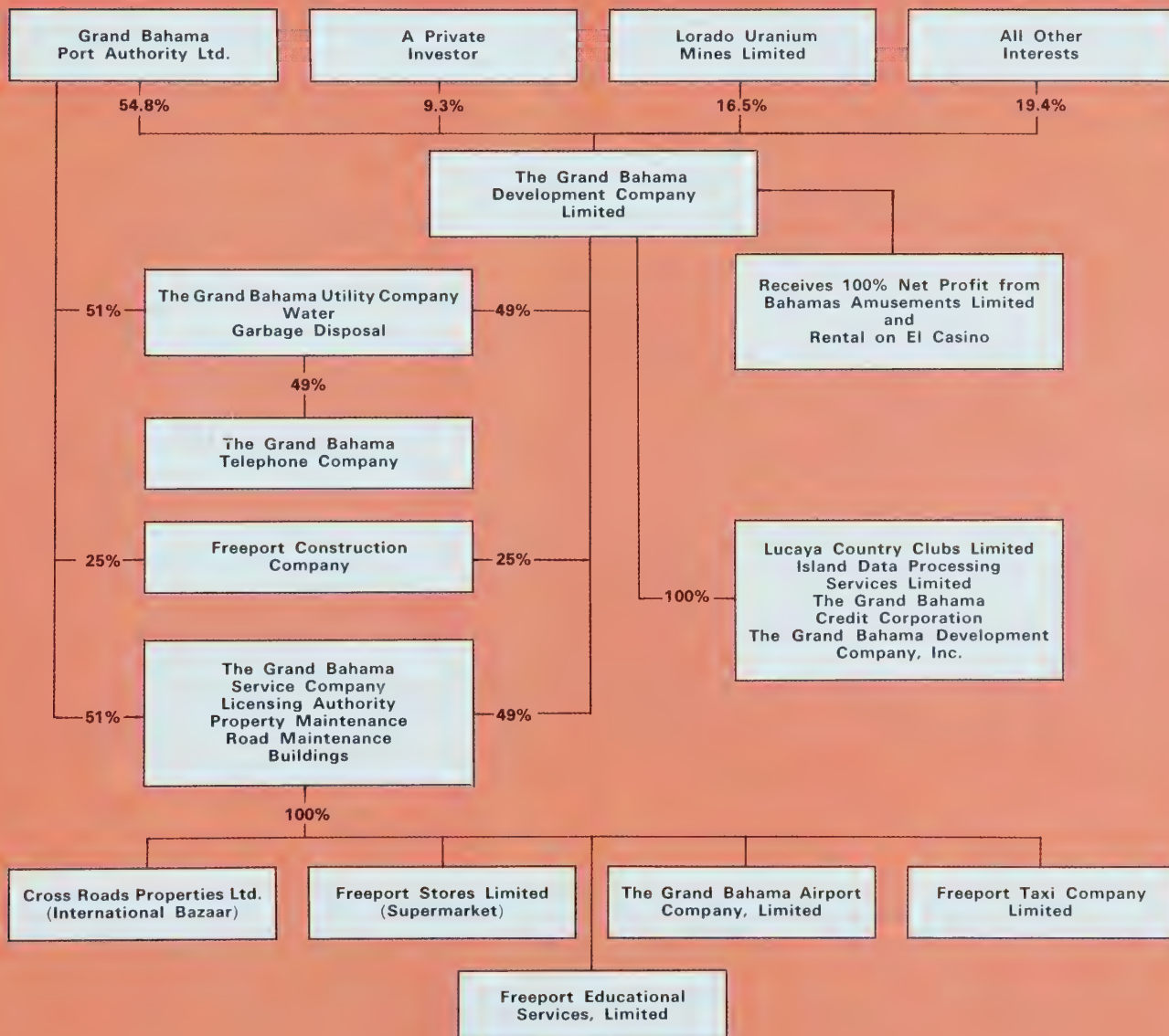
How Lorado's

16.5%

interest in Grand Bahama Development Company Limited is now working for Shareholders



THE GRAND BAHAMA DEVELOPMENT COMPANY LIMITED CORPORATE STRUCTURE and ASSOCIATE COMPANIES (Showing percentage interest held)



GROWTH POTENTIAL

Sums exceeding \$480 million have been invested on the island since 1961 by various interests, and this figure is expected to approach one billion dollars by 1970.

Net income of Grand Bahama Development Company reached \$6.7 million in 1966, up from \$2.6 million the year before. Since no real estate, income or capital gains taxes will be paid on the island until 1990, net earnings of the Development Company represent undiluted expansion of your company's investment. Based upon your company's 16.5% interest, the Development Company's 1966 net profit increased the value of Lorado's holdings by more than \$1.1 million.

In addition, the rapid expansion is also benefitting associated companies which provide the island's basic services. Here, the rapid growth of island population and tourist flow come into play. This is most significant in view of the nature of the island's special attractions — beaches, hotels, casinos, golf courses.

Eight hotels have been built around designs developed to exploit the advantages of climate and surroundings. At least as many additional hotels are in various stages of planning and development.

Gross land sales of the Grand Bahama Development Company increased by 34% during 1966 fiscal year from \$16,100,000 in 1965 to \$21,500,000, and as covered above the Development Company's net income, after special charges, rose from \$2,600,000 in 1965 to \$6,700,000 in 1966. Accounts receivable under land sales increased during the fiscal year by approximately \$5,600,000 to over \$17,000,000.

Progress and growth potential have been projected in detail in a series of charts on page 10 of this report.



3) In the design to exploit the sunning and swimming opportunities of the island, the King's International Bazaar and El Ca...



4) The design to exploit the sunning and swimming opportunities of the island, the King's International Bazaar and El Ca...





SIGNIFICANCE TO LORADO OF GROWTH IN LAND SALES

In development programs less far-ranging than that of the Lucaya/Freeport group, potential revenues diminish with the sale of each plot of land. As the Grand Bahama Development program is conceived however, new revenues are generated as population growth and increasing tourist flow bring a rising demand for various services supplied by the Development Company's associates. Hence land sales are helping generate \$ millions more in continuing revenues.

Homes under construction range from modest to the magnificent, but all are designed to take advantage of the natural setting.

Complete figures for 1966 fiscal year show net land sales \$19,644,017.

The island's population has grown from 9,500 in 1963 to 30,500 in 1966. By 1970 this figure is expected to reach a minimum of 85,000. Apartment and housing units have been boosted from 254 in 1963 to 3,300 in 1966 and it is estimated that 17,000 apartments and housing units will be required by 1970.

East of the Lucaya development preparations are underway to construct an entirely new complex, equally as elaborate in concept. To be opened by 14½ miles of canal construction, the new area will allow for development of multiple dwellings, high rise apartments, a golf course and other new assets with an anticipated land value of \$150 million.

The Development Company's expanding sales staff is encountering increasing global interest in Grand Bahama real estate, and flights from all parts of the free world bring a steady flow of prospective residents to the island.

Freeport from the air. The town of 13,500 people in these attractive, modern homes has sprung up in the past few years.



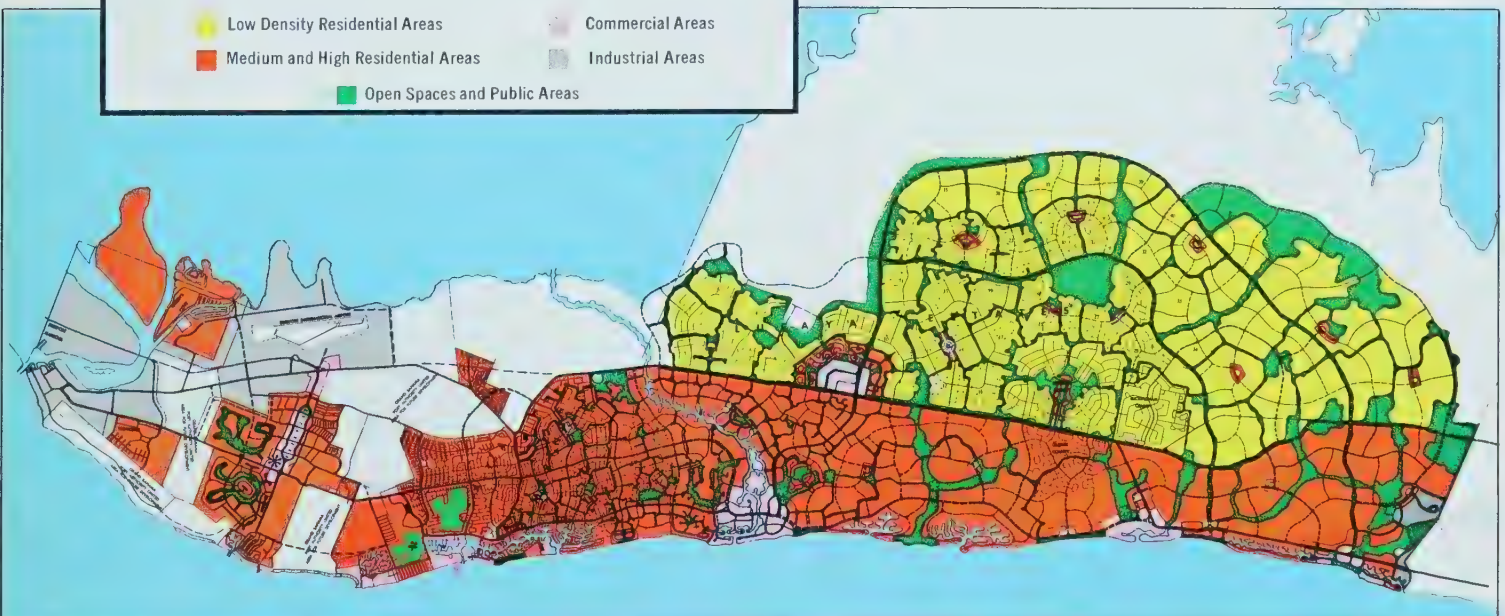
Choices of surroundings and architectural models are varied, the building sites will satisfy virtually any taste.



Nearly 15 miles of new canals are to be built over the next few years to open up \$150 millions of new real estate for hotels, apartments and multiple dwelling units.

PART OF LUCAYA NOW UNDER DEVELOPMENT

- | | |
|---|--|
| ■ Low Density Residential Areas | ■ Commercial Areas |
| ■ Medium and High Residential Areas | ■ Industrial Areas |
| ■ Open Spaces and Public Areas | |



HOW THE NEW LAND OF GRAND BAHAMAS CAME INTO BEING

The modern and prospering development of Grand Bahama is the realization of ambitious and far-sighted plans.

The Hawksbill Creek Act of 1955 set aside an area of 214 square miles which comprises the Development Company area and Freeport. The whole area will be exempt from income tax, capital gain tax, real estate tax and personal property tax until 1990.

As a result of the Hawksbill Creek Act these plans are now being translated into a bright and flourishing residential and resort area just a short hop from the North American coast.

The Grand Bahama Development Company, Limited was formed to clear, survey and sell the land, and through associated companies maintain roads, services, utilities, transportation and ownership of retail stores.

Altogether, the development of Grand Bahama and its services during this past year has been the most rapid and spectacular in its history.

ASSOCIATED COMPANIES OF GRAND BAHAMA DEVELOPMENT COMPANY, LIMITED

The Development Company has a 49% shareholder's interest in most of the associated companies which provide basic services to the Freeport/Lucaya area.

The financial status of some of these companies has been modified this past year through provision of equity capital by the Grand Bahama Port Authority and the Development Company on a 51%-49% ratio.

These associated companies are an important source of income to the Development Company today — and will be of growing importance in the years ahead.

GRAND BAHAMA SERVICE COMPANY LIMITED

The Grand Bahama Service Company Limited is probably the most important of our associated companies. It is the licensing authority within the Development area and permits the Service Company to operate and participate in numerous profitable enterprises, including those outlined on these two pages.

FREEPORT STORES LTD.

The only supermarket on the island has grown from a small beginning to a large, modern, expanding and profitable operation. It is part of the operation of Freeport Stores, Ltd., a wholly-owned subsidiary of the Service Company.



FREEPORT TAXI CO., LTD.

This red, double-decker English bus serves a tropical island route. There is a taxi fleet as well. Both the taxi service and bus company have large growth potential.



FROM ASSOCIATED COMPANIES OF THE DEVELOPMENT COMPANY

GRAND BAHAMA AIRPORT CO.

The island jet air strip and terminal building is capable of handling 500,000 passengers annually. With a fee charged for each passenger using the facilities, the operation is expected to show a modest profit in the near future.



FREEPORT CONSTRUCTION CO.

The construction company is responsible for the company's canal and road construction throughout the island as well as building the facilities for the service companies. It is a healthy, self-sustaining operation.



GRAND BAHAMA UTILITY COMPANY

The Grand Bahama Utility Company provides water supply and other services. It retains a minority interest in the Telephone Company which is now controlled by Continental Telephone and Telegraph Company.



UNUSUAL DEVELOPMENT RATE OF GRAND BAHAMAS

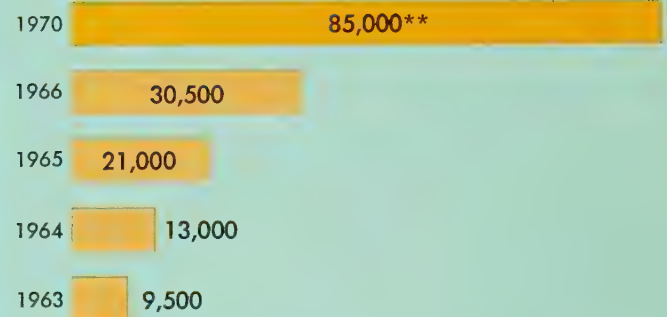
TOURISTS



TONS OF CARGO



POPULATION



HOTEL ROOMS



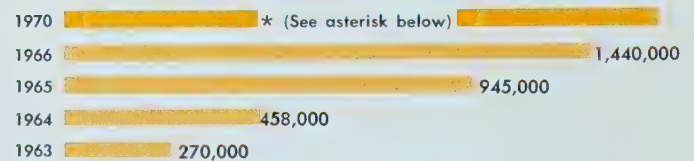
APARTMENTS



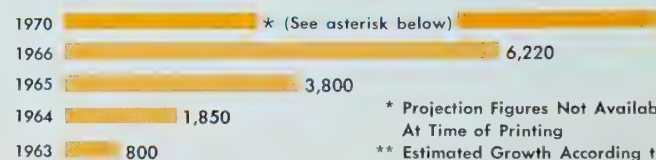
AIRCRAFT



WATER CONSUMPTION



TELEPHONES IN USE



* Projection Figures Not Available
At Time of Printing

** Estimated Growth According to
Grand Bahama Port Authority

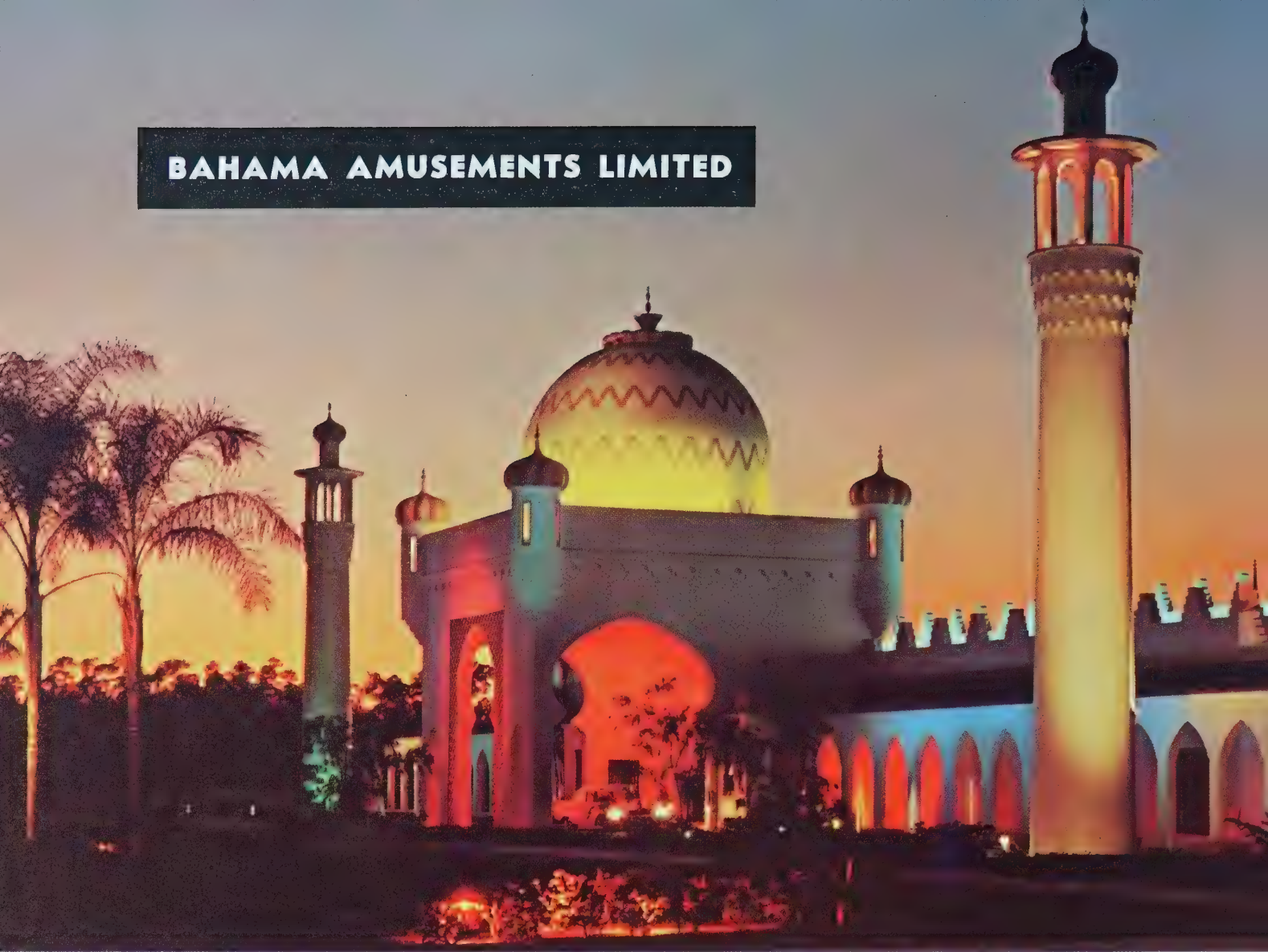
THE INTERNATIONAL BAZAAR



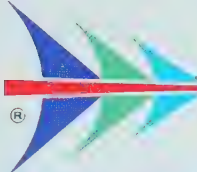
New to the Bahamas is the colorful International Bazaar, a shopping complex in which specialty shops display the crafts and produce of all parts of the world in an exotic setting which is part of the Grand Bahama development.



BAHAMA AMUSEMENTS LIMITED



These pictures show two views of El Casino, one of the two Grand Bahama Casinos. The operations of the Casinos are beneficial in three ways. First, is the share in the profits of the operation itself. Second, the large number of tourists attracted to the Island by the Casinos generate business for the service companies. Third, a large number of these visitors have purchased land — and many have already built their homes and taken residence.

**CONSOLIDATED STATEMENT OF INCOME****FOR THE YEAR ENDED 31st OCTOBER, 1966 - 1965***(Stated in United States Dollars)*

	1966	1965
Gross land sales — residential and resort	\$21,518,714	\$16,111,547
Less: Discounts, allowances and current year cancellations	1,854,697	1,699,948
Net land sales (Note 2)	19,664,017	14,411,599
Less: Cost of land sales (Note 3)	5,488,233	3,632,746
	14,175,784	10,778,853
Other income		
Interest (less foreign withholding taxes)	877,122	834,964
Net profit of Bahamas Amusements Limited (Note 11) ..	98,360	191,809
Miscellaneous	338,442	394,679
	15,489,708	12,200,305
Selling, administrative and general expenses	6,407,097	5,454,546
Depreciation	279,773	276,642
Interest expense	148,330	367,365
Provision for possible terminations of land sales agreements (Note 2) ..	1,824,303	1,940,920
Net (gain) loss of golf course operation (excluding depreciation, \$39,487 — 1965 \$34,842)	(34,250)	33,146
Provision for foreign taxes on income	93,017	7,500
	8,718,270	8,080,119
Net income	6,771,438	4,120,186
Less: Special charge	—	1,500,000
Payment to terminate sales agreement	—	1,500,000
Net income and special charge	\$ 6,771,438	\$ 2,620,186

*The notes attached hereto form an integral part of this statement.***CONSOLIDATED STATEMENT OF RETAINED EARNINGS****FOR THE YEAR ENDED 31st OCTOBER, 1966 - 1965***(Stated in United States Dollars)*

	1966	1965
Retained earnings at beginning of year	\$ 4,504,938	\$ 3,157,776
Add: Transfer from reserve for contingencies	—	650,000
	4,504,938	3,807,776
Net income and special charge for the year	6,771,438	2,620,186
	11,276,376	6,427,962
Less: Pre-operating and organization expenses amortised	—	1,923,024
Retained earnings at end of year	\$11,276,376	\$ 4,504,938

The notes attached hereto form an integral part of this statement.

The Royal Bank of Canada (shown here) was one of the first financial institutions to recognize the unusual growth potential of Grand Bahama. The Canadian Imperial Bank of Commerce, the Bank of Nova Scotia and Barclay's Bank D.C.O. also have branches on the island. In addition there are 11 private and merchant banking institutions in the area.



THE GRAND BAHAMA DEVELOPMENT COMPANY, LIMITED

(Incorporated under the Laws of the Bahama Islands)

CONSOLIDATED BALANCE SHEET

AS AT 31st OCTOBER, 1966 - 1965

(Stated in United States Dollars)

ASSETS	1966	1965
CASH ON HAND AND BALANCES WITH BANKS	\$ 2,282,125	\$ 2,016,408
ACCOUNTS RECEIVABLE		
— due under land sales, agreements less (provision for possible terminations \$3,015,000 — 1965 \$2,020,000) (Note 2)	17,083,124	11,457,289
— other (less provision for doubtful accounts, \$1,396 — 1965 \$10,816)	656,079	570,133
ACCRUED INTEREST	108,906	231,059
PREPAID EXPENSES	170,113	100,470
LAND AND IMPROVEMENTS HELD FOR SALE (Note 3)	23,868,212	23,644,017
OPTION ON LAND PURCHASE (Note 4)	500,000	500,000
MORTGAGES AND NOTE RECEIVABLE (Note 5)	1,964,533	6,137,573
INVESTMENTS IN, AT COST, AND ADVANCES TO AFFILIATED COMPANIES (Note 6)	3,657,353	5,155,689
PROPERTY, PLANT AND EQUIPMENT, at cost, (less accumulated depreciation, \$764,769 — 1965 \$539,715) (Note 7)	4,465,810	2,098,799
	<u>\$54,756,255</u>	<u>\$51,911,437</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

	1966	1965
ACCOUNTS PAYABLE AND ACCRUED EXPENSES		
— trade	\$ 864,699	\$ 1,280,878
— other	190,765	111,378
COMMISSIONS PAYABLE	1,628,736	1,450,319
ESTIMATED LIABILITY FOR FOREIGN INCOME AND WITHHOLDING TAXES	214,815	80,480
PROVISION FOR FUTURE LAND IMPROVEMENTS (Note 3)	4,713,520	2,644,557
NOTES PAYABLE (Note 8)	727,788	6,842,733
AMOUNTS DUE TO PARENT COMPANY (Note 9)	4,534,556	4,391,154
STOCKHOLDERS' EQUITY		
Share Capital (Note 10)		
Authorized —		
19,960,000 shares of 15/- each \$41,916,000		
10,000 shares of £3 each 84,000		
	<u>\$42,000,000</u>	
Issued and fully paid		
11,520,000 shares of 15/- each \$24,192,000		
10,000 shares of £3 each 84,000		
	24,276,000	24,276,000
Share premium account	6,329,000	6,329,000
Retained earnings	11,276,376	4,504,938
	<u>41,881,376</u>	<u>35,109,938</u>
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 4, 6, 11 and 12)	<u>\$54,756,255</u>	<u>\$51,911,437</u>

K. GONSALVES, Director.

GEORGE W. KATES, Director.

Notes to Consolidated Financial Statements AS AT 31st OCTOBER, 1966

NOTE 1 — GENERAL

The consolidated financial statements include the accounts of the Company, (which is approximately 55% owned by The Grand Bahama Port Authority, Limited) and all of its wholly owned subsidiaries. All material intercompany transactions have been eliminated on consolidation. The 1965 statements have been restated to conform with a reclassification in 1966.

All monetary sums are expressed in United States dollars and where necessary have been translated at the rate of U.S.\$1.00 = B\$1.02 and U.S.\$2.80 = £1 Sterling.

NOTE 2 — LAND SALES AND ACCOUNTS RECEIVABLE

The Company sells land for cash or on a term basis and has adopted the accounting practice of recording the full sales price of land at the time an agreement is executed and a down payment of 20% is received. Term sales are mainly payable by equal monthly instalments over five years with interest at 6% per year. Title to lots sold on a term basis remains with the Company until fully paid. Since the purchaser is not obligated to continue paying his instalments, but can terminate subject to forfeiture of payments made, a provision for terminations amounting to 15% of land sales receivables has been made. This provision is deemed adequate to provide against possible losses arising from terminations. On termination of a term sales contract in the year in which the sale is recorded, the sale and related costs are eliminated from income for that year. Principal instalments due on land sales receivables before 31st October, 1967 amount to approximately \$5,800,000.

NOTE 3 — LAND AND IMPROVEMENTS HELD FOR SALE

Land and improvements held for sale are stated at cost plus the estimated future costs required to fully develop areas presently on the market for sale, less those costs applicable to land sales to date.

The land owned by the Company has been divided into various areas and sub-divisions and costs are allocated to the area or sub-division concerned. Total estimated costs are charged to cost of sales in the proportion of actual sales to estimated total sales value of the respective areas.

The total cost of land and improvements held for sale is made up of \$5,720,387 in respect of unsold land in sub-divisions on the market for sale and \$18,147,825 (excluding future improvement costs) in respect of land, largely undeveloped, which has not yet been offered for sale.

NOTE 4 — OPTION ON LAND PURCHASE

Under an agreement dated 27th July, 1961 for a consideration of \$500,000 the Company has acquired an option for a period of seven years from the date thereof to purchase for a further \$2,500,000 approximately 1,704 acres of land and timber cutting rights in respect of an area of approximately 100,000 acres on Grand Bahama Island. If the Company does not exercise the option before the due date the payment of \$500,000 shall be forfeited.

NOTE 5 — MORTGAGES AND NOTE RECEIVABLE

Tamarind Developments (Grand Bahama) Limited — with 6% interest — repaid December 1966	\$1,632,667
Caravel Limited — repayable in quarterly instalments by 1976 with 7% interest	156,000
Residential Houses — payable in monthly instalments of \$1,247 including 8% interest, over 7 years	78,568
NOTE (interest free) past due — secured by unconveyed land	97,298
	<u>\$1,964,533</u>

The notes attached hereto form an integral part of this statement.

NOTE 6 — INVESTMENTS IN, AT COST, AND ADVANCES TO AFFILIATED COMPANIES

	Shares of Stock at Cost	Advances	Interest Free Notes
Grand Bahama Service Company, Limited	\$ 686,000	—	\$ 100,000
Grand Bahama Utility Company, Limited	1,020,782	\$ 101,748	—
Freeport Power Company, Limited	—	416,077	—
Grand Bahama Airport Company, Limited	—	2,746	30,000
Bahamas Amusements Limited:			
6% interest bearing ..	—	900,000	—
Permanent advance ..	—	100,000	—
Freeport Construction Company, Limited	300,000	—	—
	<u>\$2,006,782</u>	<u>\$1,520,571</u>	<u>\$ 130,000</u>

Both the Grand Bahama Service Company, Limited and the Grand Bahama Utility Company, Limited are 49% owned by the Company. Neither of these Companies have ever declared a dividend. Freeport Construction Company, Limited is 25% owned by the Company. Subsequent to balance sheet date the Company has acquired for \$1,323,000, 49% of additional shares of stock issued by the Grand Bahama Service Company, Limited.

NOTE 7 — PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Depreciation	Net
Golf course	\$ 915,063	—	\$ 915,063
Aircraft	787,744	\$ 509,010	278,734
Buildings — Golf Club ..	286,744	34,019	252,725
Sales office "El Casino"	144,006	23,282	120,724
(Note 11)	2,450,000	—	2,450,000
Residential ..	192,002	69,027	122,975
Furniture and fittings ...	242,628	86,642	155,986
Automobiles and miscellaneous	212,392	42,789	169,603
	<u>\$5,230,579</u>	<u>\$ 764,769</u>	<u>\$4,465,810</u>

NOTE 8 — NOTES PAYABLE

	Due Date	Amount
Aircraft purchase contracts	January 1967	\$175,000
Graham Limited	July 1967	500,000
Royal Bank of Canada	Demand	52,788
		<u>\$727,788</u>

NOTE 9 — AMOUNTS DUE TO PARENT COMPANY NOTES

The Company is indebted to The Grand Bahama Port Authority, Limited for the purchase of land by way of 4% Notes repayable by monthly instalments to 1971. Principal due within one year amounts to \$1,074,000.

OTHER INDEBTEDNESS

The Company is also indebted to The Grand Bahama Port Authority, Limited to the extent of \$1,313,306 for the purchase of additional land, repayable when the land is sold.

NOTE 10 — SHARE CAPITAL AND OPTIONS

During the year the Company divided all of its authorised share capital, with the exception of 10,000 shares entitled to special rights (described below) from 4,990,000 £3 shares (\$8.40) to 19,960,000 15/- shares (\$2.10).

Of the remaining 10,000 £3 shares, 5,000 shares issued are entitled to special voting rights on resolutions to place the Company into voluntary liquidation and the said 5,000 shares together with the other 5,000 shares issued have the right at any time to appoint, remove and replace four directors of the Company. All of these shares are held by The Grand Bahama Port Authority, Limited.

There was no movement during the year in outstanding share capital.

On 31st October, 1961 the Board of Directors adopted an employees' restricted share option plan in respect of 500,000 15/- common shares. The plan is governed by a committee of three Directors at whose entire discretion options may be granted and terms set. No options have been granted pursuant to this plan and there are no other options outstanding.

NOTE 11 — BAHAMAS AMUSEMENTS LIMITED

The Company has guaranteed for ten year periods, (ending 1974-1976) various leases and other obligations of Bahamas Amusements Limited (a company which has acquired an exclusive certificate of exemption to operate casinos on Grand Bahama Island for a period of 10 years from January, 1964) to the extent of \$1,750,000 per year. During the current fiscal year the Company has entirely discharged an obligation to construct and equip a new casino with the completion and purchase of "El Casino" (Note 7). "El Casino" has since been leased to Bahamas Amusements Limited for ten years.

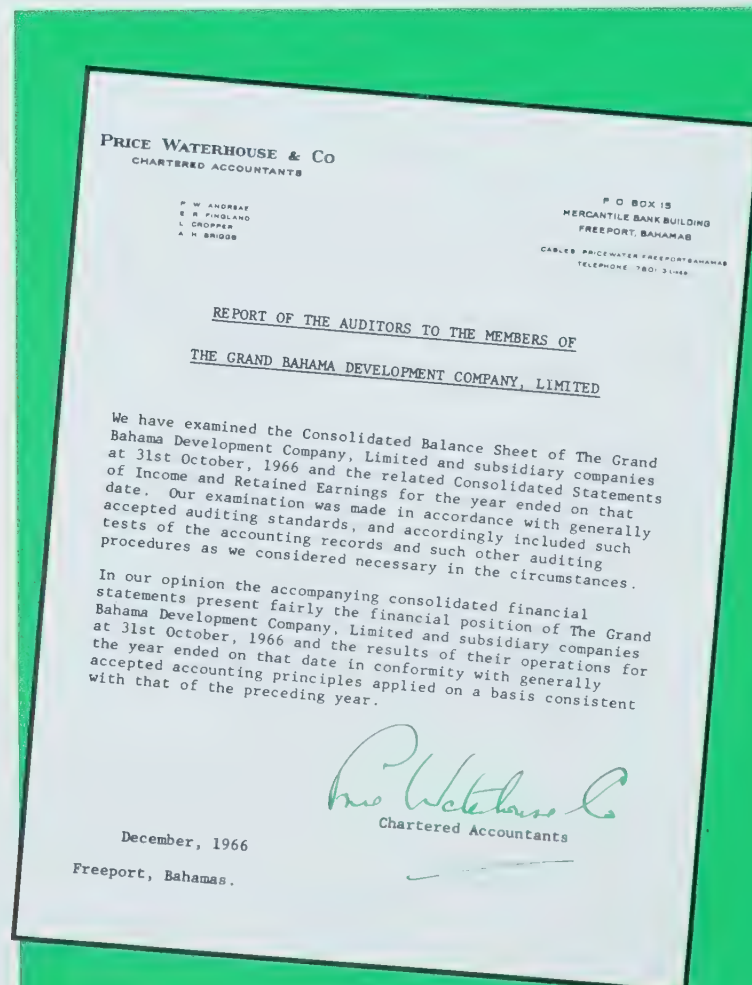
It has been agreed that the Company will receive from Bahamas Amusements Limited the net profits derived by that company from its operations.

Under an agreement for the provision of air services, the Company has guaranteed until 1968, to reimburse the aircraft operator the amount by which certain of his specific costs exceed his net income, if any. To date this obligation has been reimbursed by Bahamas Amusements Limited.

Bahamas Amusements Limited has entered into agreements whereby it will indirectly receive approximately twenty-five per cent of the net profits of a casino situated in Nassau, New Providence. Grand Bahama Development Company and Bahamas Amusements have jointly and severally guaranteed a bank loan of \$400,000 to the new casino operating company, and have also guaranteed to provide portion of the funds required by the casino operating company to construct, equip and operate a new and larger casino. The amount of this additional sum has not yet been determined.

NOTE 12 — OTHER COMMITMENTS AND CONTINGENT LIABILITIES

- The Company is contingently liable for \$100,000 for Notes discounted with the Royal Bank of Canada.
- The Company has guaranteed a loan of \$168,000 to a sales broker against commissions due to the broker.





Freeport harbour handles 1,000,000 tons of cargo annually. It provides off-shore fueling and stopover facilities for 1,900 cargo and Caribbean cruise ships that have discharged 57,000 passengers in 1966.

Beginning June 1, 1968 there will be a 7,000-ton luxury passenger liner serving Freeport on a daily basis from Miami. The new vessel, the "M/S FREEPORT" will have more than 800 berths and will carry 1,200 passengers.



LORADO URANIUM MINES LIMITED

Suite 509, 25 Adelaide Street West,
TORONTO 1, ONTARIO, CANADA



LITHO IN CANADA

LORADO URANIUM MINES LIMITED

Suite 509 - 25 Adelaide Street West
Toronto 1, Ontario

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the Annual Meeting of the Shareholders of LORADO URANIUM MINES LIMITED will be held at Suite 510, 25 Adelaide Street West, Toronto, Ontario on Tuesday, the 31st day of October, 1967, at the hour of 12:00 o'clock noon, Toronto Time, to:

- (a) receive and consider the Annual Report, the financial statements and the report of the auditors;
- (b) elect Directors;
- (c) appoint auditors and authorize the Directors to fix their remuneration;
- (d) transact such other business as may properly come before the meeting or any adjournment thereof.

A copy of the Annual Report accompanies this notice.

Shareholders who are unable to attend the meeting in person are requested to date and sign the enclosed form of instrument of proxy and return it in the envelope provided for that purpose.

DATED at Toronto, this 11th day of October, 1967.

By Order of the Board of Directors,

G. D. PATTISON,
Secretary.

LORADO URANIUM MINES LIMITED

Suite 509 - 25 Adelaide Street West
Toronto 1, Ontario

INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This information circular is furnished in connection with the solicitation by the management of Lorado Uranium Mines Limited (the Company) of proxies for use at the Annual Meeting of the Shareholders of the Company and at any adjournment thereof to be held at the time and place and for the purposes set forth in the accompanying notice of meeting. The solicitation will be made primarily by mail but it may be that proxies may also be solicited personally by regular employees of the Company at nominal cost. The cost of solicitation by management will be borne by the Company.

APPOINTMENT AND REVOCATION OF PROXIES

A SHAREHOLDER DESIRING TO APPOINT ANY PERSON OTHER THAN THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY AS HIS NOMINEE TO ATTEND AND ACT AT THE MEETING FOR HIM MAY DO SO by striking out the printed names in the enclosed form of proxy and inserting the name of his nominee in the blank space provided in the form of proxy.

A shareholder who has given a proxy may revoke the same at any time.

EXERCISE OF DISCRETION

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. IN THE ABSENCE OF SUCH DIRECTION, SUCH SHARES WILL BE VOTED FOR THE APPROVAL OF THE DIRECTORS' REPORT AND FINANCIAL STATEMENTS, AND FOR THE ELECTION OF DIRECTORS AND THE APPOINTMENT OF AUDITORS AS STATED UNDER THOSE HEADINGS IN THIS CIRCULAR. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to other matters which may properly come before the meeting. At the time of printing this circular the management of the Company knows of no other matters to come before the meeting other than the matters referred to in the notice of meeting.

VOTING SHARES

On October 11, 1967 the Company had outstanding 6,394,390 shares of \$1.00 each, carrying the right to one vote per share so that the aggregate number of votes attaching to all the outstanding shares is 6,394,390. The Directors and senior officers of the Company do not know of any person or company

beneficially owning, directly or indirectly, shares carrying more than 10% of the voting rights attached to all shares of the Company except the following:

<u>Name</u>	<u>Approximate number of such shares beneficially owned directly or indirectly</u>	<u>Percentage of outstanding equity shares represented by the number of shares so owned</u>
Canadian Dyno Mines Limited	1,215,000	19.0%

Messrs. Harlow H. Wright, S. A. Perry, G. D. Pattison, and R. D. Bell, Directors of the Company are also Directors and/or senior officers of Canadian Dyno Mines Limited.

The Directors have fixed October 27, 1967 as the record date for the determination of the shareholders entitled to receive notice of and to attend and vote at the meeting.

ELECTION OF DIRECTORS

The Board consists of seven Directors to be elected annually. The persons named in the enclosed form of proxy intend to vote for the election of the nominees whose names are set forth below, all of whom are now members of the Board of Directors and have been since the dates indicated. The management does not contemplate that any of the nominees will be unable to serve as a Director but, if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each Director elected will hold office until the next Annual Meeting and until his successor is duly elected, unless his office is earlier vacated.

The following information is furnished with respect to each person proposed to be nominated for election as a Director:

<u>Name</u>	<u>Became Director</u>	<u>Shares</u>
Harlow H. Wright of Toronto, Ontario, is President of the Company which office he has held since 1960. He is and has been for the preceding five years a Consulting Mining Engineer.	1957	38,601
Sydney Albert Perry of Toronto, Ontario, is Vice-President of the Company which office he has held since 1960. He is and has been for the preceding five years President of Perry-Pattison Limited, Corporate Secretaries.	1960	1
George D. Pattison of Aurora, Ontario, is Secretary-Treasurer of the Company which office he has held since 1960. He is and has been for the preceding five years Vice-president of Perry-Pattison Limited, Corporate Secretaries.	1960	92
James L. C. Jenner, of Islington, Ontario, has been for the past year a registered representative of Wills, Bickle & Co. Limited and prior thereto was a partner with the firm of Lang, Michener, Cranston, Farquharson & Wright, Barristers, and its predecessor firms.	1966	1
Robert A. Cranston of Toronto, Ontario, is Assistant Secretary of the Company which office he has held since 1960. He is and has been for the preceding five years a partner with the firm of Lang, Michener, Cranston, Farquharson & Wright, Barristers, and its predecessor firms.	1960	1

<u>Name</u>	<u>Became Director</u>	<u>Shares</u>
Robert D. Bell of Willowdale, Ontario, is Assistant Treasurer of the Company which office he has held since 1960. He is and has been for the preceding five years Secretary-Treasurer of Perry-Pattison Limited, Corporate Secretaries.	1967	1
Evan T. Donaldson of Toronto, Ontario, is and has been for the preceding five years a self-employed prospector and mine developer and President of Evandon Exploration & Holdings Limited.	1953	1

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

During the fiscal year ended April 30, 1967 the aggregate remuneration payable by the Company to the Directors and senior officers was \$7,920. During the said year the Company paid \$9,000 to Perry-Pattison Limited for head office accommodation and secretarial services. Messrs. S. A. Perry, G. D. Pattison and R. D. Bell aforesaid who are officers of the Company are officers, directors and shareholders of Perry-Pattison Limited.

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the re-appointment of Messrs. Glendinning, Jarrett, Gould & Co., Chartered Accountants of Toronto, as auditors of the Company to hold office until the next Annual Meeting of Shareholders. They have been auditors of the Company for more than five years.

October 11, 1967.

AR40

LUCAYA G.B.



THE GRAND BAHAMA DEVELOPMENT COMPANY, LTD.

P.O. BOX 8, LUCAYA, FREEPORT, GRAND BAHAMA ISLAND • TELEPHONE: 6711 • CABLE "LUCAYAN"

A Message to Finance and Investment

Any change in government will always cause some confusion, doubt and even apprehension at times, and that change which took place as the result of last January's election in the Bahamas was no exception.

While we who live and work here were reassured as to our new government's policy and intents, some doubt still prevailed in the investment world, particularly wherein such markets were located at some distance from the Islands.

But any misunderstanding of this type was laid to rest -- clearly, firmly and dramatically -- by the address given by our Premier, the Honourable Lynden O. Pindling, on August 7 here in Freeport.

The occasion was the ground-breaking and official opening of the new "Grand Lucayan Waterway", a significant Grand Bahama Development Company project, and the Premier was our honoured guest.

What he said, you will read within these pages, but what we heard may be even more pertinent. We were listening to the voice of a most able and dedicated leader of government who is obviously an unswerving adherent to the private, free-enterprise economic system.

I think you will enjoy the text reprinted herein.

Most sincerely,

George W. Kates
President

Hawksbill Creek Act Upheld...

BAHAMAS PREMIER GIVES STRONG ASSURANCES TO INVESTORS IN TAX-FREE LUCAYA/FREEPORT

(The Honorable Lynden O. Pindling, Premier of Bahamas, visited Lucaya/Freeport to open the \$20 million Grand Lucayan Waterway development for high-rise apartments and hotels. His eloquent speech not only did

much to reassure investors in Freeport but it also gave a clear insight into the new Government's positive and co-operative attitude towards business and businessmen from abroad.)

If you were to ask me tonight what four dates are most significant in the history of Grand Bahama Island, I would have no hesitancy whatsoever in saying that those dates are October 12, 1492, August 1, 1834, August 4, 1955, and January 10, 1967.

Mr. Chairman, Madame Senator, Honourable Ministers, executive officers of The Grand Bahama Development Company, executive officers of Intercontinental Realty Company, visiting journalists and brokers, distinguished guests, my fellow Bahamians.

I pray that you would lend me your ears for a few moments in order that I might discuss these four significant dates.

It was on the 12th day of October in 1492 that Columbus did set foot on the most easterly isle in our chain, then called Guanahani but now known as San Salvador, and he found there a tribe of Lucayan Indians known as the Tainos.

He wrote several messages back to King Ferdinand and Queen Isabella, and some of these messages had to do with what he found on Guanahani.

He wrote that they were healthy, handsome and happy. Of their temperament he found that they were kind to a fault, and I quote from his words, "They never refuse anything they possess, even if you ask it of them."

Of its beauty he said, "The sea is so transparent, we could see to the bottom. The tropical fish rivalled the beauty of the flowers."

When it was almost time for him to return home he said, "I never want to depart."

I hope tonight that the visitors within our midst can re-echo the words of Columbus and say that they have found the modern Lucayans or Tainos healthy, handsome and happy. I hope that they, too, will find that the sea is still so transparent that you can see to the bottom.

It is a great pleasure of mine and indeed a great pleasure for my colleagues to be here with you this evening, and I hope that by the time you have to pack your bags and take your aircraft again you will also say, "I hope I never depart."

On August 1, 1834, slavery was abolished in what was then called the British Empire, and in the Bahamas those who had arrived with a different status in life became one. Masters and slaves became Bahamians.

On August 4, 1955, there was promulgated the Hawksbill Creek Act and the creation of Freeport/Lucaya became a reality.

Here was created a domain of some 214-square miles administered over by the Grand Bahama Port Authority. There were times when some of us thought that the fate of Bahamians might have been like the fate of the peaceful, happy, handsome Tainos who, before long, became extinct at the hands of the Spaniards, but time has proven otherwise and we have found that the Bahamians, particularly Grand Bahamians, have prospered, and there is now no likelihood whatsoever that history will repeat itself in that fashion.

If some of the original Lucayans could come back to the modern Lucaya, I am sure they would have wished quite loudly and quite clearly that they were born in the Twentieth Century and not in the Fifteenth.

There was further apprehension in the minds of Bahamians. Some of us feared that this 214-square-mile enclave could possibly be another Suez, or it could possibly be another Canal Zone, but again I am happy to say that experience has taught us that likelihood of history repeating itself in that fashion is also very, very remote.

Then came January 10, 1967, a date which for us who live here has a special significance and a date which for those of you who have just come will hold a special significance if you decide to stay with us or if you decide to return for repeated vacations.

In 1684 someone wrote, "Of these islands the pirates made great use." Despite the fact that in 1726 when Governor Woods Rogers was appointed Governor he hanged 200 pirates and the Bahamas adopted for the first time its motto "Expluris Piratis Restituta Commercia," many Bahamians believed that remnants of the pirates still remained and were not finally expelled until the 10th of January, 1967.

But be that as it may, we nevertheless feel that on that day ended the struggle for equality and human dignity that began way back on August 1, 1834.

The government of which my colleagues and I form a part is the first government ever elected by a majority of the total population in these islands. Thus, we claim to be the only ones able to speak with the voice of the whole people but you know, history does have an odd way of repeating itself



With a cordial handshake and warm smiles, Premier Lynden O. Pindling and Mr. George Kates "seal the bargain" for long-term co-operation between the Bahamas Government and Freeport.

sometimes, because if we were again to look back at the pages of history, back to your American War of Independence, you would find that when the last battle was fought in a small battlefield outside Yorktown, there were some who said the rabble had won. "How disgusting, how confusing. How could it possibly be?"

In 1967, on the 10th of January, that very same cry was heard, but you and I know that what George Washington ushered in was not a rabble and that history at this particular juncture would be sufficiently kind to repeat herself again.

I think I am able to say that this government also is not composed of rabble.

Since taking office my colleagues and I have had an opportunity to take a long, hard look at our islands sitting now on the other side of the fence.

We have had an opportunity to travel widely over the islands and abroad taking a keen note of the foundations of our economy and what makes it tick.

We are endeavoring to surround ourselves with the best possible brains we can find, whether those brains be Bahamian or non-Bahamian, for we realize that the principal task that this government would face is to continue to

provide greater opportunities, better-paying jobs and improved social services for the whole of the Bahamian people.

Freeport, has, however, distinguished itself in the last six months for being one part of the Bahamas which, I think, is most prone to rumour. Never have I found in my short years that so many people whom I have always regarded as being very sensible could get caught off base with so many silly ideas.

I do not know why that this has been so. I don't know why they would jump to conclusions when, in order to avoid jumping to an erroneous conclusion, I or any one of my Ministers are just on the other end of a telephone line.

But nevertheless, they jump to these conclusions, but their arithmetic is bad because every time they add one and one they do not get two. They get two and a half or three or sometimes thirteen.

Some weeks ago I made an official tour to this Island and I spoke to a gathering similar to this at West End, and I said something to the effect that giving me 90 days, we would see some changes being effected in Freeport. I got all sorts of rumours trickling back to me in the ten days after that. "What was going to happen in 90 days? Was it a threat? Was it a warning? Was it doom that we were facing or just what was it, anyhow?"

Nobody called me to ask me, mind you. They just came to these conclusions all on their own which, to my mind, Ladies and Gentlemen, points up a great reality but a great weakness, and that is the lack of communication between the officers of the Port Authority and the officers of the Development Company and the Government.

It would seem to me that nothing would stand Grand Bahama and the whole Bahamian Islands in greater stead than the establishment of a line of communication between the Government and those who administer this area.

So perhaps I should at this time say what I was referring to when I asked for 90 days. It seemed to me and to my colleagues, not just today but yesterday as well and last year, too, that the Bahamian had no recognized status in this Island, and so we thought as a first step to guarantee that the Bahamian had status in his own Island.

The one effective and obvious way to deal with this obvious problem was to look around us and see whether we could find any qualified Bahamians to occupy the top administrative positions on this Island, and having taken a good look for this talent, we came upon some men, all of whom are Bahamians, all of whom have a proud and noble record of service, and, I think, as I have been made to understand, that the appointments that have been made to date have found generally wide acceptance on the whole Island: the appointment of Mr. Laverity as Government Administrative Officer on the Island of Grand Bahama.

It was also the view of my colleagues and I that Government administration was somewhat lacking on the Island, and over the last few weeks we have sought to bolster the administration on Grand Bahama. I'm happy to say now that not only is the Ministry of Tourism represented on Grand Bahama, but we have a permanent representative from the Treasury Department, a permanent representative from the Ministry of Works, and other ministries will be

establishing themselves in Grand Bahama as soon as the accommodation can be provided and the men found to fill the jobs.

In other words, Government will be coming to Grand Bahama as it has to go to all Islands of these Bahama Islands.

Now, I fully realize that when there is a change in Government, that mere fact as of itself produces a state of hesitancy, some speculation, for one doesn't quite know where one is. As I have said, there have been all kinds of rumours and tonight, just a few hours ago, another one started to spread.

I got word about ten minutes to eight o'clock that I was to make a shattering statement tonight, and that statement was to have been to the effect that I was going to announce the repeal of the Hawksbill Creek Act.

It's a good thing I am here tonight, for if I were not here tonight somebody would have believed that tomorrow. It just goes to show how these things can get started without any foundation or substance whatsoever.

I should now like to settle one or two things. The Government is not to put Freeport out of business. The Government is not to render unsafe the investment of investors. The Government is not to upset the basic framework of the Bahamian economy. The Government is not about to kill the goose that has laid a golden egg and will continue to lay a golden egg for many years.

It seemed more appropriate for me to put it in those terms of what we were not out to do than what we were out to do, because I think perhaps it might have driven home with all the more emphasis.

It is very difficult for the layman, I think, to distinguish or differentiate the changes that will be taken on the administrative side from those that might be taken affecting the business and commercial communities.

There is nothing that would be more disastrous for the Bahamian community than if the economic and financial structure of the Island were to be damaged, much less destroyed.

Since one of the first duties of a politician — well, since the first duty of a politician is to get in office and the second duty is to stay in office, I would be a big fool, wouldn't I?

Since it is the intention of my colleagues and I to remain in office for a long, long time, it therefore seems to us to be in our own interest to continue to promote something that will continue to provide more jobs, better-paying jobs and opening new opportunities for all of the Bahamian people.

Now, I realize, mind you, that heretofore it might not have been the case, that the Bahamian was in the thinking when the planning was being done.

But be that as it may, too, I am now very strongly of the opinion that the fact that so many Bahamians are here tonight is proof of the fact that despite whatever the case might have been before, Bahamians are now in the planning and Bahamians are taking part in the planning and will play an even bigger role in the planning to come.

I can see no reason why from this day forth a new and vibrant partnership cannot be forged between those of you who have visited us with your enterprising talents, because it seems to us that we have something that we can teach each other.

We need to learn your enterprising techniques and we need to teach you how not to commit suicide, something we don't believe in.

Bahamians believe in living happy, healthy lives that end somewhere in the 90's, and they are scared to die.

You like to make money, so if we can swap one or two ideas and we can learn to make some money, too, and you can learn to live until you are eighty, how much the better it will be for us.

My colleagues and I have been struck, really, as to the growth of this area, and even now I am amazed at the figures that have been presented to me.

Tourism, as you know, is the foundation of the Bahamian economy, and Grand Bahama alone will expect over 400,000 this year.

I understand that building permits issued in Freeport are 93 percent higher for the first six months of 1967 than they were for the corresponding period in 1966, and by the end of the year it is expected that 1967 will wind up some 47 percent ahead of the whole of 1966.

This pattern must continue, and the only qualification that we ask is that the pattern continues in partnership.

My colleagues and I had an opportunity to go through the International Bazaar this morning and through the offices of the Development Company, and I have no doubt whatsoever from what I have seen and from what I have heard that there is a genuine desire on all sides to effect a strong and lasting partnership in the interests of the whole Bahamian people and all of the Bahamian Islands.

One of the facts that has formed a major part of the growth of this area is the sale of real estate, and those of you journalists and brokers who have come down to witness the groundbreaking for the new Waterway, I know you must know why you were asked to come.

They wanted you to see this for yourselves and then they wanted you to get busy to write about it and the brokers to get busy to sell it.

They would like you both to have the feeling that the situation is well in hand and that there is not likely to be any untoward events happening.

I hope that you have caught this feeling over the last two or three days, and I hope that the reports that you will take to your editors will reflect that feeling. I hope that feeling will show up in the sales records of the brokers, for it is essential that all of the Bahama Islands continue to grow.

We have not come to destroy but we have come to build, and I'm certain that as we entered this room this evening and sat down to our various tables and partook of the meal, if any man had any feeling his soul must have swelled within him with that feeling tonight, for I don't believe that there has ever been in Grand Bahama, particularly in Freeport, a gathering such as this.

This in itself is indicative of the new epoch that was ushered in on January 10, 1967.

Mr. President, let me say to you, Sir, that my telephone number is 22805. The name is spelled P-i-n-d-l-i-n-g. If you can't get me on the telephone, a telegram will do, and if you just send it to Pindling, Nassau, it will get to me.

But there is really no reason why we should be apart if you are interested in the Bahamas, because I'm interested in the Bahamas, and if you are, too, then we have one common objective.

I am bound to insure that the Government of the Bahamas is paramount in all parts of the Bahamas. That is an administrative matter. On the other hand, the Government is also bound to see and insure that there is the necessary climate for industry and business and tourism to grow and flourish.

It seems to me that that works into your hands, because as head of the Development Company, you are interested in tourism, in industry and in business.

So I should like to extend tonight my hands and the hands of all my colleagues in partnership if you would take it, and I hope that if you do take it, whenever it is necessary for us to sit down and to discuss whatever matters there are to be discussed, we will discuss it as partners and not as enemies.

There are one or two things to discuss, but I think, too, that it would be true for me to say that I do not really believe that any of the matters to be discussed would present any insurmountable difficulty.

The few words I have already had with the President of the Port Authority have led me to believe this, and from a few other words that I have had with other personages in this area, have also led me to believe this.

So my colleagues and I are very confident that whatever outstanding matters there might be with reference to administration, they will certainly be ironed out.

Now, I don't know how much you can sell those lots for when you get that waterway through. It seems to me that that is going to be the only factor that will determine how many lots you sell. If they are priced too high, then they won't sell, but if they are priced right, the brokers will tell you that they will sell.

I would like to know tonight that if the Development Company feels there is any way the Government might be of assistance, that you ask the Government. It is important to know that the Government has not got any middleman. We don't deal with brokers. We believe in the direct approach.

On the other hand, I hope that you will extend a similar invitation to the Government. If the Government has one or two things it might think that the Development Company can assist it with, then we can call upon you at any time, and you have to give me your telephone number, too, before I leave here tonight.

I don't think it is going to be necessary to have a hot line. An ordinary line will do, but the important thing is that there will be a line.

Ladies and Gentlemen, it was more than a pleasure for my colleagues and I to be here tonight, and I hope that it has been a pleasure for you to have been here as well. My boys will not only be taking back sand in their shoes and in their hair, but they will be taking back a little more than that, and I hope that when you return to your respective homes abroad, you will take back a little sand in your hearts that, when they pound, will induce you to come back again and again. Thank you.

Development Company President Welcomes Premier Pindling to Lucaya/Freeport

(Mr. George Kates, president of The Grand Bahama Development Company Limited, welcomed Mr. Lynden O. Pindling, Premier of the Bahamas, and several of his

Cabinet Ministers to Lucaya/Freeport on the occasion of the opening of the Grand Lucayan Waterway. Mr. Kates' text follows:)

Our esteemed Premier, the Honourable Lynden O. Pindling; Honourable Ministers; Members of the House of Assembly; Mr. Garnet Levarity; Mr. Keith Gonsalves; our most welcome press, radio and T.V. guests; our real estate brokers from other countries; citizens of Grand Bahama Island; ladies and gentlemen:

It is with extreme pleasure that The Grand Bahama Development Company . . . in cooperation with the Grand Bahama Port Authority and Intercontinental Realty, our worldwide sales brokers . . . welcome all of you to today's luncheon. We are proud and delighted that the Premier, his Cabinet and other officials have so graciously consented to join with us on this historic occasion.

Mr. Premier, our government here in the Bahamas can be assured that our loyalty and dedication to its success is complete. We extend to you our hand of fellowship, and we are confident that under your leadership the Bahamas will become a greater place in which to live, conduct our businesses and raise our families than ever before in its history.

Some months ago we had another historical meeting here of representatives of government, business and labour. The Grand Bahama Port Authority supported wholeheartedly the industrial Relations Charter presented by the Minister of Labour and Commerce, The Honourable Randol F. Fawkes. We believe that great strides are being made in this field of industrial relations. And thus, we are more than ever aware of the opportunities for all citizens, residents and business enterprises in this, our fair Island.

We here in Grand Bahama have been endeavouring to lift the standard of living, education and human relations. The future of all the Bahamas is bright and shining — and we are proud to be a part of it.

Over the years that I have been associated with the Bahamas, I have learned to love Bahamian folk songs. In particular, I am thinking of the ballad of JOHN B. SAIL — “Hoist the John B. Sail, See how the mainsail sets — I am so ‘break up’, I want to go home”. This lyric reminds me of my ancestors who migrated from England to Bermuda and then settled as a result of a violent storm, at Rock Sound, Eleuthera. Two of these travellers were my great grandparents.

During the early part of 1959 there wasn't very much here in Freeport. I remember particularly, “Pioneer Way”,

where the Mercantile Bank and the Port Authority offices are now located. There were very few buildings. In fact, the structure where Customs is presently located and the old Port Authority offices were the only two buildings of any size at that time. Barclays Bank had not been constructed, nor had any other buildings, including the Savoy building, or even the old food store.

As a result of conversations with Wallace Groves which had transpired subsequent to this visit, a group I was associated with purchased our first land in Freeport. Contracts were consummated in December of 1959. Just as in the ballad “I am so break up I want to go home”, I personally felt I had come home.

In 1959 the runway at the Airport was just the short East-West rock runway — with a little wooden shack for the air terminal. Customs was in this terminal (or I should say a Customs Officer was in the shack). There were a few businesses along Government Road; perhaps three or four. The Caravel Club was the only “hotel” and consisted of a dining room, a bar and twelve rooms. Freeport Harbour had been dug, but was only about one third of the size it is today.

In looking back upon Freeport one wonders how Wallace Groves' embryonic dream ever came into fruition. Today we see hotels, apartments, businesses, commercial enterprises, family life and civic pride in Freeport, as I am sure he dreamed and visualized many years ago. Probably the reason so many people have decided to come to Freeport is that they too share this dream. Today many of the things that were then contemplated, or were on the planning boards, have actually come about and are here, as living, vibrant illustration of thorough planning and ingenuity.

What has taken place in the growth of this progressive community and what is its future? First, we visualize a Grand Bahama island of the future as a whole new community life for many people who presently live here in substandard circumstances. And we see a great opportunity for other people who are yet to come to live among us. Certainly, there are speculators and dreamers. But we also have those who bring their families, who bring their businesses, who actually work and contribute to our community life. There are many more of them who are planning to come here and permanently reside.

What do we owe to the residents and citizens of this



Mr. George W. Kates, president of The Grand Bahama Development Company, has had distinguished careers in law, banking and land sales development. He is a graduate of the University of Florida, with an LL. B. degree. For several years, he was a partner in the law firm of Kates and Ress in North Miami. He has also served as Chairman of the Board of the Second National Bank in North Miami. He became president of the Development Company in Lucaya/Freeport in 1965, where he and his wife now make their permanent home.

great community — both those of today and those of tomorrow — and what do we receive in return for acceptance of this obligation? It is my opinion that we owe them a place in which people can raise their families in a modern society, wherein they too will enjoy the fruits of this dream. We owe them, and must provide to them a fair chance to participate. And, Mr. Premier, we are now embarked.

What do we receive in return? We obtain a greater standard of living for all citizens and residents of the Bahamas.

Here, today, we broke ground for one of the largest projects ever to be launched in the Bahamas. Can we possibly imagine the amount of circulation of money that is being stimulated by this project? It is staggering to estimate the number of people who will share in this circulation — jobs for all types of persons who now work with their hands, but want to work with their brains, as well as such services and industries which will support these persons. Certainly, this project is going to take a number of years to complete, but this is good for thus it spreads before all people of the Bahamas an opportunity to share in the benefits of this project.

I am happy to report that strides have been made in negotiations for the establishment of a University not too far from the site of this cross-island waterway. It is my opinion that the proposed University, in conjunction with all of the other great steps forward that are being made in the Bahamas, will contribute to the Bahamas' becoming known, not only as the tourist mecca for this part of the world, but a cultural and education centre. Never before in the history of mankind has education been more important for progress and especially in the Bahama Islands. Certainly, also, this community of Grand Bahama must see more and more hotels being built, and we must see more and more people with their businesses expanding this island into a great commercial and financial centre for this hemisphere. This must naturally provide schooling for all, opportunity to all, and participation by all in the social and economic life of this community.

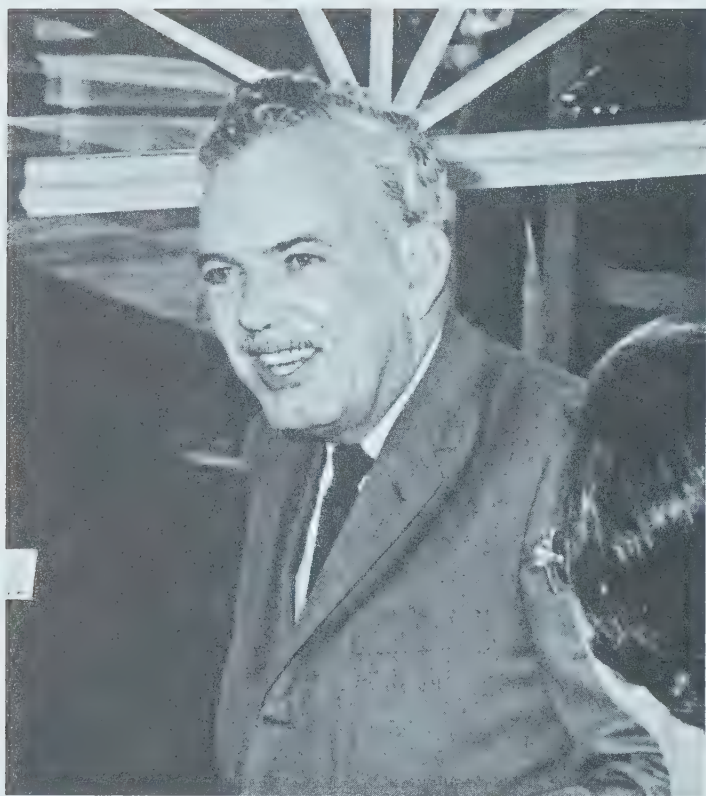
My wife and my children are grateful for the good fortune that has brought us here to enjoy the good life under God's benevolence.

As the Bahamian Ballad portrays, these are THE Islands in the Sun.



Work begins on the Grand Lucayan Waterway. The "construction workers" are, left to right, Mr. Keith Gonsalves, executive vice president, The Grand Bahama Port Authority, Mr. George Kates, president of The Grand Bahama Development Company, and the Honourable Lynden O. Pindling, Premier of the Bahamas.

Port Authority Executive Vice President Traces Fabulous Growth of Freeport



Mr. Keith Gonsalves is executive vice president of The Grand Bahama Port Authority Limited and group vice president of several companies affiliated with the Port Authority. For many years, Mr. Gonsalves was an executive with Barclays Bank D.C.O., one of the largest banking institutions in the United Kingdom. He was the bank's manager in Nassau when he accepted a position with the Port Authority 10 years ago. Mr. Gonsalves acted for Mr. Wallace Groves, president of the Port Authority and founder of Freeport, in welcoming Premier Lynden O. Pindling and his official party to Freeport.

It is my very pleasant task today, on behalf of our company, The Grand Bahama Port Authority Limited, and the President of our company, Mr. Wallace Groves, to welcome to Grand Bahama and to Freeport our own Premier, the Honourable Lynden O. Pindling, the members of the Press and this distinguished gathering.

Only yesterday, Mr. Groves telephoned me from Europe to express his keen disappointment in not being able to be here today for the opening of the Grand Lucayan Waterway and to welcome all of you in person.

Freeport is the child of Mr. Groves' great vision, and the implementation of this vision has long been his sole and absorbing interest. No building, no venture has been too small to attract his closest attention. Therefore, that he should be unable to be here at the inception of one of our largest ventures is something I am sure he will always regret.

It was only twelve years ago this month — on the date of August Fourth, in fact — that the legislation which made it possible to establish Freeport was signed into law. This was the Hawksbill Creek Act of 1955. At that time Grand Bahama was a lonely island of rolling pinelands and virgin beaches. Principally because it had no suitable natural harbours, Grand Bahama was for more than three centuries the backward sister of the island family that comprises the Central and the Northern Bahamas. It had never shared in the proceeds of the great developments which had gone to several of its more fortunate neighbours.

Even the earliest settlers of the Bahamas, in the Seventeenth and Eighteenth Centuries, by-passed this Cinderella island because, we suppose, there were no suitable anchorages for their trading and fishing boats. So far as we know, too, the great bands of pirates, which once roamed uncontrolled through the islands of the Bahamas, never bothered with Grand Bahama.

In fact, there was no recorded population on Grand Bahama until 1841, although by that time many of the other islands of this archipelago had well established populations and moderately successful economies.

During the roaring bootlegging days of the 1920s — when Prohibition was in effect in the United States — the tiny settlement at West End, twenty-five miles to the west of what is now Freeport, became, for a brief period of time, a rollicking boom town where, almost literally, mountains of liquor were sold to the bootlegging trade. History has it that this was a fabulous period of wealth and waste. It produced little of lasting value for the benefit of the Bahamas — or



Lucaya/Freeport 1963



Lucaya/Freeport 1967

for the benefit of Bahamians. With the end of Prohibition, the boom died and Grand Bahama went back to sleep to await a new destiny.

In the late 1940s, Grand Bahama's slumber was interrupted briefly when Vacation Village, an English-style holiday camp was opened by Billy Butlin, now Sir William Butlin, at West End. This operation, though, proved to be premature. Its doors were closed in 1949, and several years passed before the old Vacation Village became successful as the Grand Bahama Hotel and Country Club.

So it was in an atmosphere laden with a lacklustre background of failures and deprivations that Wallace Groves first came to dream his dream of Freeport.

Mr. Groves had established a small lumber mill here at Pine Ridge. In administering this small business, Mr. Groves came to know and to love the island of Grand Bahama and its people. He felt that Grand Bahama had all of the natural resources except harbours to make it a productive and progressive member of the Bahamas family of islands.

When the Hawksbill Creek Act was passed in 1955, however, there were few persons who shared Mr. Groves' enthusiasm for the successful development of Freeport. In the early days of this area's development, Freeport was sometimes called "Wallace's Woe," a reference, I suppose, that was not without some substance.

Today, as all of you can see, Wallace Groves' dream of Freeport has come true. Now Freeport is a city of 15,000 persons. It is a fast-growing island city of jobs, of industry, of magnificent resort hotels. It is a community where prosperity and progress are inspiring even greater dreams for the future.

Now, one of our largest undertakings to date — the Grand Lucayan Waterway — is beginning to unfold. Throughout the many months of planning this great project, Wallace Groves shared in the decisions made by the planners, the engineers and the Directors of the Grand Bahama Development Company.

Because of the importance of this great, new project, I feel certain that Mr. Groves would have returned here from Europe, where he is vacationing with his family and working on the plans for the construction of a cruise ship for Freeport, to be with us today.

However, the Port Authority, together with the United States Freight Company, now has a 14,000-ton cruise ship under construction at a large shipyard in Western Germany, and Mr. Groves is now dealing with the specifications

for this vessel, which, I was informed last week, cover some 300 pages.

Also, the Commission on Gambling, which will be meeting again shortly in Nassau, after a lengthy recess, was unable to fit Mr. Groves into its sessions held in the Bahamas earlier this year. Because of this, Mr. Groves has notified me that he plans to interrupt his working vacation and return to Nassau to give his testimony before the Commission on August 16. If his further presence is not required, he will return immediately to Europe to complete his business chores and vacation.

Since it was virtually impossible for him to make two trips to the Bahamas in so short a period of time, I have been delegated to be his poor substitute.

I do not wish to take up your time as we will soon be listening to a speech by the President of the Development Company, but I would like to tell you that ten years ago when Mr. Groves suggested that I should leave Barclays Bank, in whose service I had been for thirty years, and join him in the development of Freeport, it was a very major decision for me to make.

At the time I was Manager of Barclays Bank in Nassau, and my next post was to be one which was the target of all my banking ambitions. But in meeting Mr. Groves, I quickly realized that he was a man of outstanding ability and that working for him could be nothing but an exciting experience, though it was difficult to leave the firm with which I had worked since I was 16 years of age.

I have never regretted this decision. These ten years of sharing in and watching the growth of Freeport have been the most thrilling years of my life.

I remember that there was a short paragraph in a personality column of the London Evening Standard soon after I resigned from the bank. This paragraph said that it was well known that bankers "never took a chance", but that now they knew of one who had taken such a chance in leaving a bank and joining The Grand Bahama Port Authority Limited. I am very glad that I decided to take that so called "chance".

Now I am a "Belonger" of these happy islands of the Bahamas and have made my permanent home here. I hope to share many more years with Mr. Groves in watching the growth of Freeport which will include the success of this venture we are launching today.

Thank you.

Some News Reports of Premier's Visit

FREEPORT TO REMAIN TAX-FREE HAVEN

THE AGREEMENT STAYS

By CARL LIVINGSTON

FREEPORT, Grand Bahama — FREEPORT, which was given long-term guarantees against taxation 12 years ago for its investors, was given unqualified assurances this week that the new Government, which took office last January, would honour the agreement.

Premier Lynden O. Pindling, speaking at a banquet for almost 500 real estate brokers, visiting newsmen and a large number of Grand Bahama residents, said that his government will continue to support the Freeport tax haven for industry and business.

There had been much speculation for several months that Pindling's government would seek to have the agreement changed.

The agreement — known as the Hawksbill Creek Act — was passed by the Bahamas Legislature and signed into law on August 4, 1955. This act created Freeport, a 214-square-mile area on Grand Bahama Island, where, in recent years, tourism and industry have been booming.

Among other benefits, the act provided guarantees against income taxes for investors and businesses, and other benefits give relief on import and export duties beyond the year 2000.

"We have already tightened administrative controls at Freeport, and we will continue to improve this function of Government, as we also plan to do in the rest of the Bahamas. But for all, that investors and investments are both welcomed and safe," Mr. Pindling stated.

The occasion was the opening of a new real estate project in the Lucaya section of Freeport. Earlier in the day Pindling turned the first shovel of earth in the Grand Lucayan Waterway, a large development for high-rise apartments and hotels.

MOLLY RAY

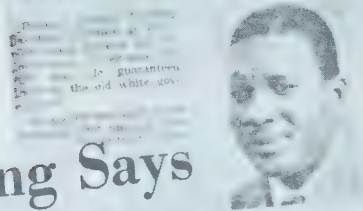
Mr. Pindling, president of The Grand Bahama Development Company, owners of the land, the Waterway real estate venture will cost about \$5 million in its first phase. Ultimately, it was reported, the project will accommodate a resident population of 70,000. In recent years, Freeport has been the fastest-growing area in the Bahamas. Since 1964, when its first resort hotel was opened, construction, real estate sales and business expansions have boomed. The area is located on Grand Bahama Island, 100 miles northeast of Nassau.

Mr. Pindling said that his Progressive Liberal Party was sure that Freeport because some persons thought it might eventually "become another Suez or Panama Canal Zone."

In statement, however, that has been widely disseminated that there was no danger of this and that his government hoped to do everything within its power to insure the growth of Freeport.

Many island residents were invited to the functions held in the Premier's honour. Pindling said that this was the first time in the history of Grand Bahama that the people of this island had been so recognised.

Pindling Pledges Freeport Investors Their Tax-Free Status Will Continue



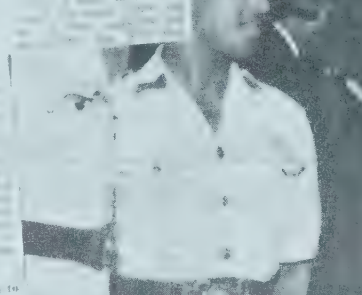
Lynden Pindling

under the old government. Pindling said the controls he mentioned were administrative.

"We have already tightened administrative control at Freeport and we will continue to improve this function of government," he said.

Investments at Grand Bahama, the fastest growing area of the Bahamas, have reached a half-billion dollars since Crown opened the Freeport hotel there.

to make it



There has been much speculation for several months that Pindling's government would seek to have the agreement changed.

He delivered his speech to a banquet on the opening of a new real estate development on the island.

Pindling noted that three months ago in a speech at West End, Grand Bahama, he mentioned that "in 90 days we would be taking strong action to control Freeport."

make investments unsafe. It is not about to kill the goose that lays the golden egg."

Pindling said that three months ago, in a speech at West End, another community on Grand Bahama, he mentioned that in "90 days" time we will take strong action to control Freeport.

He explained that the remark dealt only with changes in administrative government and had nothing to do with the Hawksbill Creek Act.

"We have already tightened administrative controls at Freeport, and we will continue to improve this function of government, as we also plan to do in the rest of the Bahamas, but I want to make it clear once and for all, that investors and investments are both welcome and safe," Pindling said.

Pindling came here for the start of work on the Grand Lucayan Waterway, a development of high rise apartment and hotels which is expected to cost more than \$25 million.

The Premier In Fr

THE PREMIER SMILES a big smile. He had delivered a message to the people of Grand Bahama.



HERB RAU

About A 'New Look' And The Freeport Boom

TODAY'S HEARTBURN

Sign on used-car lot: "We have topless cars."

Miami Confidential

The Al-Farce has a "new look." According to the Greater Miami Journal, one of the women at Homestead Air Base sports earrings, long hair and leather boots. Currently, he's in the Bahamas with a "new look."

of a minor. No sign of let-up in the big boom in Freeport in the Bahamas. The editors spent the weekend on the island and will top off the excursion with a black-tie dinner at the Lucayan Hotel tonight at which Bahamas Premier L. O. Pindling will be principal speaker. Airplane seats from Miami were at a premium over the weekend. El Casino, where the action is, was packed to capacity.

National Airlines will inaugurate a new service to Freeport next July, with center of operations in Miami. Arnold at Mr. Rib on W. Flagler wears what might be the most mini-skirt of any bartender in town. Tom's Mortgage Corp. of America wrapped up \$10 million in shopping center first mortgages this, during one of tightest months.

Pindling

Premier's weekend visit Investors in Bahamas Relax;

Investors in Bahamas Relax; Pindling Won't Rock the Boat

FREEPORT, Grand Bahama — The Hon. Lynden O. Pindling, Premier of the Bahamas, arrived in Freeport on Saturday for a weekend visit to the investors in the Freeport tax haven.

At a banquet on the opening of a new real estate development on the island, Pindling said that his government will continue to support the Freeport tax haven for industry and business.

He delivered his speech to a banquet on the opening of a new real estate development on the island. Pindling noted that three months ago in a speech at West End, Grand Bahama, he mentioned that "in 90 days" time we will take strong action to control Freeport.

The Views of William F. Buckley, Jr.

as though parties would be in connection with the passage of the Hawksbill Creek Act.

Won't Rock the Boat

between those of you who have visited us with you. We need to be in each other's company. If you can't wait, we'll be there.

Wallace Groves, Port Authority President, Thanks Premier for "Hand of Friendship"



MR. WALLACE GROVES

(Mr. Wallace Groves, president of the Grand Bahama Port Authority Limited and the man whose great vision and ability created Freeport, was in Europe on a working vacation when Premier Pindling gave his policy speech on Freeport during the dedication functions of the Grand Lucayan Waterway. Mr. Groves issued the following statement upon his return.)

Upon my return, I am greatly gratified and especially pleased as to two very important matters.

Firstly is the visit of the Premier (The Hon. L. O. Pindling) and members of his Cabinet on August 7, 1967, on the occasion of the opening of the Grand Lucayan Waterway, attending the many activities on that day and the formal banquet that evening. I will always deeply regret having missed this occasion and only wish it would have been possible for me to have been here.

I have carefully read and re-read our Premier's speech and have spoken with a number of people whose opinions I value and I feel this marks the beginning of sound co-operation and better understanding not only with the Port Authority, but with all Grand Bahama Island and the Government.

I wish to specifically state how much we welcome this and thank Mr. Pindling for extending the hand of friendship and co-operation.

We are delighted to confirm our earnest desire to do everything possible to make this relationship stronger and fully successful.

Mr. Pindling stated four dates which were most significant in the history of Grand Bahama Island and I have "no hesitancy whatsoever" of adding to those dates another one, namely, August 7, 1967, as I am sure this date marks the beginning of a new era of strong ties and willing co-operation.

I am sure I am not alone in these sentiments and I feel this was pointed out by the great and spontaneous ovation by the four hundred guests at the banquet, composed of Press from all over the world and prominent businessmen and residents of Freeport and Grand Bahama Island.

Mr. George Kates, President of the Grand Bahama Development Company, informs me that he has already had the representatives of four major ventures, which were being held in abeyance, report that they, as a result of the speech,

are now going ahead "full blast" and that he has had hundreds of calls expressing confidence in the future. Seemingly, that within one week almost a miracle has happened.

I, for one, look forward with great confidence and will return to Europe to enthusiastically work to complete the specifications and rush the completion of the new 14,000 Ton vessel being built specifically for the Freeport trade. This in itself, is an expression of confidence not only by the Port Authority, but by the several large investors who are taking an interest in such a long-term venture as well.

The other important matter is the recent appointment of Mr. G. J. Levarity as the Chief Administrative Officer for Grand Bahama Island and as liaison officer with the Government. Mr. Levarity is a man I hold in high esteem and much respect, and whom I am sure will be successful in the important and difficult position. The people of the community have had full opportunity of knowing a great deal about him and I know that the businessmen of Freeport and all Grand Bahama Island regard him as honourable, able and highly qualified.

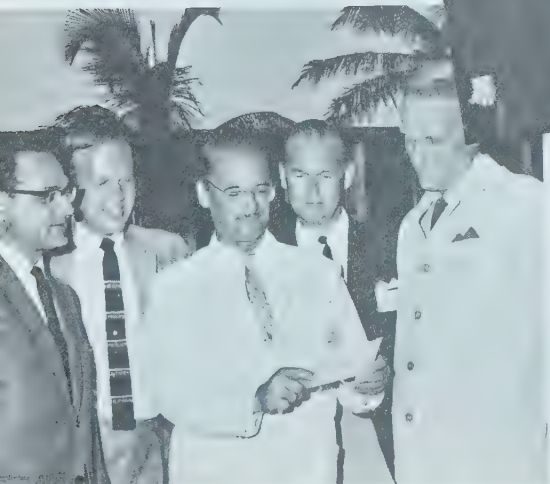
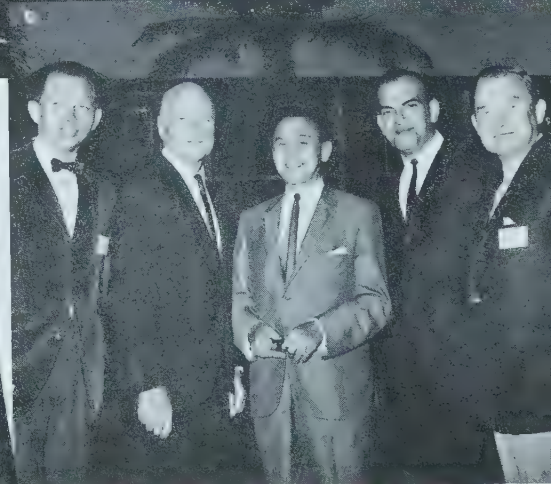
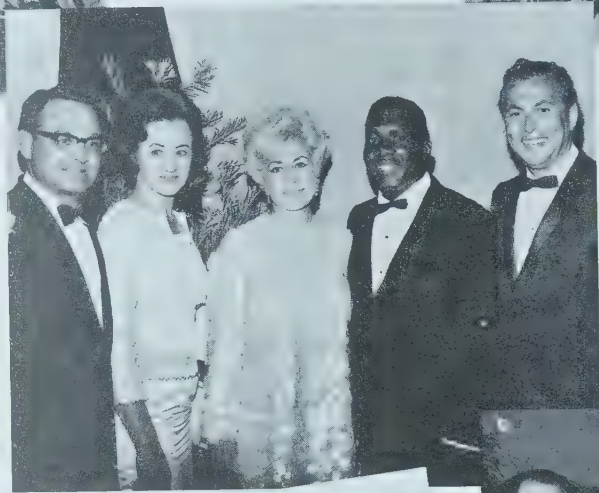
In fact, in my opinion, a better person could not have been selected, nor one found who would have met with such universal approval.

I think I am now at liberty to relate an incident which happened some time ago. The late Frederick Marsh in whom I, along with the legal community, held in the highest regard, paid a visit to Mr. Levarity and spent many hours with him. When he returned he came to my office to tell me that he had found Mr. Levarity the ablest, best qualified and most knowledgeable of Government officials. I would like to publicly, and I am sure I am speaking for all of the residents of Grand Bahama, extend my best wishes to Mr. Levarity upon his appointment.

Wallace Groves

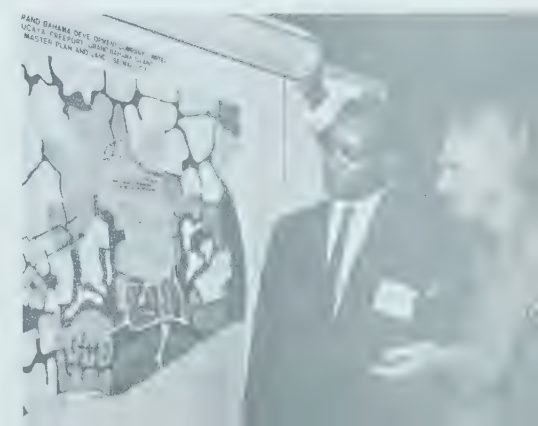
Picture Parade...

GRAND LUCAYAN WATERWAY OPENING



Picture Parade...

GRAND LUCAYAN WATERWAY OPENING





More than 200 real estate brokers and newsmen from the United States, Canada, the United Kingdom and Europe attended the ceremonies for the opening of the Grand Lucayan Waterway. Here, Mr. George W. Kates, president of The Grand Bahama Development Company and host for the gala occasion, is shown speaking at the Waterway site.

Freeport, Grand Bahama Island, Progress Report

JANUARY TO JUNE, 1967

	Jan-Jun 1967	Jan-Jun 1966	% Diff.	Total 1966	Total 1967*	% Diff.
TOURISM						
<u>VISITORS</u>						
<u>TOTAL GRAND BAHAMA ISLAND</u>	209,300	177,100	+ 18%	317,200	378,200	+ 19%
Residents included in above figure	15,200	14,000	-	30,000	31,000	-
<u>TOTAL FREEPORT</u>	163,500	153,100**	+ 7%	276,700**	N.A.	-
International arrivals by air	120,000	92,300	+ 30%	180,700	"	-
International arrivals by sea	15,900	41,300	- 62%	56,600	"	-
Domestic arrivals by air	27,600	19,500	+ 42%	39,400	"	-
<u>TOTAL WEST END</u>	31,000	24,000	+ 29%	40,500	"	-
BUSINESS AND INDUSTRY						
<u>GOVERNMENT REVENUE FROM AREA</u>						
<u>TOTAL REVENUE</u>	\$4,773,750	N.A.	-	\$6,774,000	N.A.	-
Customs	3,227,250	"	-	4,606,200	"	-
General	746,500	"	-	635,600	"	-
Postal	200,000*	"	-	372,400	"	-
Telecommunications	600,000*	"	-	1,159,800	"	-
<u>BUSINESSES LICENSED</u>						
During period	207	107	+ 93%	218	320	+ 47%
Total at end of period	948	630	+ 50%	741	1,055	+ 42%
<u>AIRPORT</u>						
Aircraft operations (landing and taking off)	46,915	25,730	+ 82%	56,700	103,500	+ 83%
Air Freight (thousand lbs.)	1,745	1,305	+ 34%	2,796	3,800	+ 36%
<u>HARBOUR</u>						
Cargo Throughput (tons)	592,405	491,030	+ 21%	1,016,068	1,222,450	+ 20%
Vessels calling	958	1,030	- 7%	1,891	1,789	- 5%
CONSTRUCTION						
Total Buildings Completed	420	N.A.	-	519	N.A.	-
Residential	364	"	-	498	"	-
Industrial	11	"	-	3	"	-
Commercial and Institutional	45	"	-	18	"	-
Hotel Rooms Completed	140	"	-	422	"	-
Building Permits Issued	227	"	-	312	"	-
Buildings Under Construction	299	"	-	224	"	-
Value of Permits Issued (in thousands)	\$11,159	\$9,720	+15%	\$20,126	\$24,000	+ 19%
POPULATION (end of period)						
Freeport	15,000	N.A.	-	13,500	16,000	+ 19%
Grand Bahama Island	33,500	"	-	30,500	35,000	+ 15%

* Estimated

** Includes residents

N.A. Not Available

LUCAYA/FREEPORT

Grand Lucayan Waterway



Artist's Rendering

The Grand Lucayan Waterway, the newest of The Grand Bahama Development Company's real estate developments, was launched officially August 7 in a festive round of ceremonies attended by the Premier of the Bahamas, the Hon. Lynden O. Pindling, many high government officials and more than 200 newsmen and real estate brokers from abroad.

Phase one development work is already pushing inland from Lucaya's swank south shore. The undertaking is the first major development in this British resort colony to be devoted exclusively to high-rise apartments and hotels.

In all, the four units of phase one — Pearl Bay, Coral Bay and Unit One of Cannon Bay — will cover a land area of about 460 acres. Galleon Bay, a supporting area for the project and zoned for hotels and shops, will serve both future hotel guests and Waterway residents.

The initial development is being planned to accommodate an ultimate population of nearly 70,000. The main channel of the Grand Lucayan Waterway will be approximately five

miles in length and will have a total of about 35 miles of waterfront property.

Overall, the phase one development will represent an investment of approximately \$5 million, although future sections of the Waterway, which are still in the preliminary planning stage, may run the development cost to as much as \$20 million.

The main and side channels of this little tropical Venice to be, plans show, will have a depth of at least eight feet at mean low water. The nearby Northwest Providence Channel is regarded as a fisherman's paradise.

A sampling of the price scale of the residential lots shows parcels ranging in price from \$26,000 for two-thirds of an acre inside to \$67,500 for a full acre with 364 feet of waterfront. Prices for waterview and other waterfront properties range between these figures.

Investors may finance their land purchases over a seven-year period, with a 20 per cent down payment and six per cent interest on the unpaid balance.

THE GRAND BAHAMA DEVELOPMENT COMPANY LIMITED
P.O. BOX 8 . . . FREEPORT, GRAND BAHAMA ISLAND, BAHAMAS

Prepared by Venn, Livingston and Roberts Bahamas Limited Freeport Office

LORADO URANIUM MINES LIMITED

General Meeting of Shareholders

NOTICE IS HEREBY GIVEN that a general meeting of the shareholders of Lorado Uranium Mines Limited (the "Company") will be held at the Penthouse Floor, Canada Trust Building, 110 Yonge Street, Toronto, Ontario, on Monday, November 18, 1968, at the hour of 2:00 o'clock in the afternoon (Toronto time) for the following purposes:

A. To consider and, if approved, to confirm with or without variation, a resolution passed by the directors of the Company authorizing an application to the Lieutenant Governor of the Province of Ontario for the issue of supplementary letters patent, among other things,

- (a) extending the objects of the Company and making the Company not subject to Part IV of The Corporations Act (Ontario) and varying the provisions of the letters patent incorporating the Company accordingly;
- (b) changing the 7,000,000 shares with a par value of \$1 each in the capital of the Company, issued and unissued, into 7,000,000 issued and unissued shares without par value; and
- (c) after giving effect to the foregoing, decreasing the issued capital of the Company by the amount of \$2,140,000.

A copy of such directors' resolution is attached hereto and forms part hereof.

B. To consider and, if approved, to adopt the agreement dated October 31, 1968 made between the Company, Mogul Mines Limited, Canadian Dyno Mines Limited and Yale Lead & Zinc Mines Limited providing, on the terms and conditions therein set out, for the amalgamation of the Company, Mogul Mines Limited, Canadian Dyno Mines Limited and Yale Lead & Zinc Mines Limited. A copy of the said agreement is annexed as a Schedule to the information circular attached hereto and is deemed to form part hereof.

C. To transact such further or other business as may properly come before the meeting or any adjournment or adjournments thereof.

NOTICE IS HEREBY FURTHER GIVEN that certain of the directors of the Company beneficially own, directly or indirectly, shares of the Company and are directors and/or officers and/or beneficially own, directly or indirectly, shares of other amalgamating companies, as to which reference is made to the material under the heading "Interlocking Interests of Directors and Officers" in the information circular attached hereto, which material is deemed to form part hereof. Such ownership of shares by such directors and/or the holding of such offices as directors or officers constitute or may constitute an interest in the above mentioned amalgamation, which interest is hereby declared.

DATED the 1st day of November, 1968.

By Order of the Board,

ROBERT D. BELL, C.A.,
Secretary-Treasurer.

NOTE: Shareholders who are unable to be present personally at the meeting are requested to sign and return, in the envelope provided for that purpose, one of the accompanying forms of proxy for use at the meeting.

LORADO URANIUM MINES LIMITED

The following is a copy of the directors' resolution referred to in the notice attached hereto and which forms part thereof.

WHEREAS the authorized capital of the Company is divided into Seven Million (7,000,000) shares with a par value of One dollar (\$1) each, of which Six Million, Three Hundred and Ninety-four Thousand, Three Hundred and Ninety (6,394,390) of the said shares are issued and outstanding as fully paid and non-assessable;

AND WHEREAS the issued capital of the Company is Six Million, Three Hundred and Ninety-four Thousand, Three Hundred and Ninety dollars (\$6,394,390);

AND WHEREAS it is considered necessary and expedient in the interest of the Company to apply for the issue of supplementary letters patent for the purposes hereinafter provided;

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

A. The Company be and it is hereby authorized to make application to the Lieutenant Governor of the Province of Ontario for the issue of supplementary letters patent

1. extending the objects of the Company by adding thereto the following:

“(c) To carry on (either directly or through subsidiaries) in all its branches the business of mining, milling, exploration and development;”

2. making the Company not subject to Part IV of The Corporations Act and varying the provisions of the letters patent incorporating the Company by deleting and expunging therefrom the clause: “And it is hereby ordained and declared that the said Company shall be subject to the provisions of Part XI of The Companies Act”;

3. changing the Seven Million (7,000,000) shares with a par value of One dollar (\$1) each in the capital of the Company, issued and unissued, into Seven Million (7,000,000) issued and unissued shares without par value; provided that the Seven Million (7,000,000) shares without par value shall not be issued for a consideration exceeding in amount or value the sum of Seven Million dollars (\$7,000,000) or such greater amount as the board of directors of the Company deems expedient on payment to the Treasurer of Ontario of the fees payable on such greater amount and on the issuance by the Provincial Secretary of a certificate of such payment;

4. after giving effect to the foregoing, decreasing the issued capital of the Company by the amount of Two Million, One Hundred and Forty Thousand dollars (\$2,140,000);

5. declaring that the authorized capital of the Company after giving effect to the foregoing will be divided into Seven Million (7,000,000) shares without par value; provided that the Seven Million (7,000,000) shares without par value shall not be issued for a consideration exceeding in amount or value the sum of Seven Million dollars (\$7,000,000) or such greater amount as the board of directors of the Company deems expedient on payment to the Treasurer of Ontario of the fees payable on such greater amount and on the issuance by the Provincial Secretary of a certificate of such payment; and

6. declaring that the issued capital of the Company after giving effect to the foregoing will be Four Million, Two Hundred and Fifty-four Thousand, Three Hundred and Ninety dollars (\$4,254,390).

B. The directors and/or the proper officers of the Company be and they are hereby authorized and directed on behalf of the Company to sign and execute all documents and to do all things necessary or desirable in connection with the foregoing.

LORADO URANIUM MINES LIMITED

Information Circular

MANAGEMENT SOLICITATION

This information circular is furnished in connection with the solicitation of proxies by the Management of Lorado Uranium Mines Limited (the "Company") for use at the general meeting of the shareholders of the Company to be held on Monday, November 18, 1968 at 2:00 o'clock in the afternoon (Toronto time) at the Penthouse Floor, Canada Trust Building, 110 Yonge Street, Toronto, Ontario, for the purposes set out in the foregoing notice of meeting. The cost of solicitation will be borne by the Company.

The forms of proxy forwarded to shareholders with the notice of meeting confer discretionary authority upon the proxy nominees with respect to amendments or variations of matters identified in the notice of meeting or of other matters which may properly come before the meeting. The forms of proxy afford the shareholder an opportunity to specify that the shares registered in his name shall be voted by the nominee named in such proxy in favour of or against (i) the confirmation of the directors' resolution authorizing an application to the Lieutenant Governor of the Province of Ontario for the issue of supplementary letters patent for the purposes, among others, of (a) extending the objects of the Company and making the Company not subject to Part IV of The Corporations Act; (b) changing the issued and unissued shares of the Company with a par value of \$1 each into shares without par value, and (c) after giving effect to the foregoing, decreasing the issued capital of the Company by the amount of \$2,140,000, and (ii) the adoption of an agreement dated October 31, 1968 made between the Company, Mogul Mines Limited, Canadian Dyno Mines Limited and Yale Lead & Zinc Mines Limited providing, on the terms and conditions therein set out, for the amalgamation of such companies. **In respect to proxies in which the shareholders have not specified that the proxy nominees are required to vote for or against, as the case may be, the confirmation of the said directors' resolution and/or the adoption of the said amalgamation agreement, the shares represented by the proxies will be voted in favour of such matters.** The shares represented by the proxies will be voted at the meeting and if a choice is specified in the above mentioned manner in the form of proxy with respect to such matters, the shares will be voted in accordance with the specification so made.

The Management knows of no matters to come before the meeting other than the matters referred to in the notice of meeting. However, if any other matters which are not now known to the Management should properly come before the meeting, the proxy will be voted on such matters in accordance with the best judgment of the proxy nominees.

Proxies given by shareholders for use at the meeting may be revoked at any time prior to their use.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Company consists of 7,000,000 shares with a par value of \$1 each, of which 6,394,390 shares are issued and outstanding as fully paid and non-assessable. Holders of outstanding shares of record at the time of the general meeting of shareholders will be entitled to one vote per share at such meeting.

To the knowledge of the directors and senior officers of the Company, Canadian Dyno Mines Limited beneficially owns more than 10% of the outstanding shares with a par value of \$1 each of the Company. Canadian Dyno Mines Limited owns 1,215,000 shares, being 19% of the outstanding shares of the Company.

PROPOSED APPLICATION FOR SUPPLEMENTARY LETTERS PATENT

As an antecedent condition to the proposed amalgamation described below, the directors of the Company have decided that it is in the best interests of the amalgamated company to result from the amalgamation of the amalgamating companies that the Company apply for supplementary letters patent for the purposes referred to in the annexed notice of meeting. The result of the issuance of supplementary letters patent to the Company together with similar steps proposed to be taken by the other amalgamating companies will be to eliminate in the capital stock account of the amalgamated company amounts in respect of discounts on prior issuance of par value shares, certain (but not all of) contributed surplus arising from prior issuances of par value shares at a premium and on corporate reorganizations and accumulated operating deficits. These various amounts presently carried in the balance sheets of the amalgamating companies have come into existence during past periods and, in the opinion of the directors, should not, to the extent possible, be carried forward into the shareholders' equity section of the balance sheet of the amalgamated company, which for all practical purposes is a new corporate entity.

PROPOSED AMALGAMATION

The meeting has also been called as a general meeting of shareholders to consider and, if approved, to adopt an amalgamation agreement dated October 31, 1968 made between the Company, Mogul Mines Limited, Canadian Dyno Mines Limited and Yale Lead & Zinc Mines Limited providing, on the terms and conditions therein set out, for the amalgamation of such companies under the provisions of Section 96 of The Corporations Act (Ontario). The said amalgamation agreement is annexed as a Schedule to this information circular. Reference is made thereto for the full terms and conditions of the amalgamation.

The legal effect of the proposed transaction is to bring together the amalgamating companies into one continuing corporation under the name "International Mogul Mines Limited". The result of the amalgamation is to fuse the assets and liabilities of the amalgamating companies.

The directors of the amalgamating companies have approved the amalgamation agreement. In the opinion of Management of the Company, the amalgamation will result in substantial advantages to shareholders. The amalgamation will bring into one corporation substantial assets presently owned by the various amalgamating companies, thereby creating a major corporate entity better able to acquire additional mining and other related interests through share exchange or cash offers. Canadian Dyno Mines Limited is over 70% controlled by Mogul Mines Limited. Mogul Mines Limited and Canadian Dyno Mines Limited have long held a substantial interest in the Company and Mogul Mines Limited holds a substantial interest in Yale Lead & Zinc Mines Limited. The amalgamation, therefore, brings together into one corporate entity this group of associated companies.

As a result of the amalgamation, the shareholders of the Company (other than Mogul Mines Limited and Canadian Dyno Mines Limited) will receive one share of the amalgamated company for each $8\frac{9}{10}$ shares of the Company; the shareholders of Mogul Mines Limited will receive one share of the amalgamated company for each 4 shares of Mogul Mines Limited; the shareholders of Canadian Dyno Mines Limited (other than Mogul Mines Limited) will receive one share of the amalgamated company for each $6\frac{7}{10}$ shares of Canadian Dyno Mines Limited; the shareholders of Yale Lead & Zinc Mines Limited (other than Mogul Mines Limited) will receive one share of the amalgamated company for each 84 shares of Yale Lead & Zinc Mines Limited. The amalgamation agreement provides that shares of any of the amalgamating companies owned by any other amalgamating company will be cancelled without repayment of capital in the amalgamation.

These bases of conversion to be effected by the amalgamation are set out in the amalgamation agreement and have been determined in relation to average market prices for the shares of the amalgamating companies during the period October 1, 1968 to October 29, 1968. After taking into consideration all relevant factors, the directors of the amalgamating companies determined that current market prices constitute the fair basis of conversion for the amalgamation. In reaching such determination the directors have had the advice and assistance of Thorne, Gunn, Helliwell & Christenson, auditors of each of the amalgamating companies other than Lorado Uranium Mines Limited, and Touche, Ross, Bailey & Smart, acting as financial consultants.

PRICE RANGES OF SHARES OF AMALGAMATING COMPANIES

The shares of the amalgamating companies are listed on The Toronto Stock Exchange. The reported high and low sale price for a board lot of shares of each of the amalgamating companies on The Toronto Stock Exchange for each quarterly period during the five years ended September 30, 1968 were as follows:

Quarterly Period Ended	Mogul		Dyno		Lorado		Yale	
	High	Low	High	Low	High	Low	High	Low
December 31, 1963	4.95	1.08	1.12	.87	1.94	1.35	.15	.08
March 31, 1964	5.75	4.20	1.25	1.01	2.24	1.71	.15½	.11
June 30, 1964	5.45	3.45	1.49	1.02	1.83	1.50	.14	.10
September 30, 1964	4.10	3.50	2.20	1.03	1.80	1.43	.12½	.10
December 31, 1964	4.85	3.65	1.49	1.20	1.87	1.50	.19	.10½
March 31, 1965	6.25	4.70	1.75	1.40	1.95	1.45	.17½	.11
June 30, 1965	5.50	3.90	1.84	1.25	1.62	1.10	.14½	.10
September 30, 1965	4.75	3.55	1.70	1.28	1.62	1.19	.12½	.09
December 31, 1965	4.35	3.65	1.77	1.35	1.50	1.20	.18	.11
March 31, 1966	4.45	3.20	1.90	1.54	1.42	1.14	.23	.13
June 30, 1966	3.75	3.25	1.91	1.56	1.35	1.10	.28	.19
September 30, 1966	4.45	3.25	1.89	1.53	1.30	1.04	.25	.18
December 31, 1966	3.90	3.15	1.52	1.25	1.15	.86	.22	.15½
March 31, 1967	3.60	3.10	1.74	1.36	1.15	.75	.21	.16
June 30, 1967	3.75	2.90	1.50	1.32	1.06	.75	.25	.17½
September 30, 1967	4.35	3.00	1.99	1.41	1.10	.75	.34	.20
December 31, 1967	4.80	3.50	2.25	1.75	1.15	.81	.30½	.21½
March 31, 1968	4.75	3.65	2.70	1.95	1.41	.91	.27	.19
June 30, 1968	5.25	4.20	2.80	2.15	2.05	1.00	.25	.18
September 30, 1968	5.10	4.15	3.30	2.50	2.25	1.36	.23½	.16

CAPITALIZATION

(after giving effect to the proposed amalgamation)

Following the amalgamation, the capitalization of the amalgamated company will be as follows:

Authorized—4,000,000 shares without par value

Issued—2,605,862 shares

TORONTO STOCK EXCHANGE LISTING

The Toronto Stock Exchange has approved of the listing on the Exchange of the shares of the amalgamated company subject to the amalgamation being approved by the shareholders of the amalgamating companies and to the issuance of letters patent of amalgamation.

TAX EFFECT OF REORGANIZATION AND AMALGAMATION

In the opinion of counsel, the proposed reorganization of capital and amalgamation will not result in any liability for Canadian income tax to shareholders.

INTERLOCKING INTERESTS OF DIRECTORS AND OFFICERS

The shareholdings and interlocking interests of the directors and officers of each of the amalgamating companies is shown in the following table:

Name	Office held and shares beneficially owned, directly or indirectly			
	Mogul	Dyno	Lorado	Yale
S. A. Perry	Chairman of the Board Director	President Director	— Director	President Director
D. W. Knight (1)	President Director	—	—	—
G. D. Pattison	Executive Vice-President Director 39 shares	Vice- President Director	Vice- President Director 92 shares	Vice- President Director
R. D. Bell	Secretary- Treasurer Director 7,000 shares	Secretary- Treasurer	Secretary- Treasurer Director 1,000 shares	Secretary- Treasurer Director
J. P. Brisbois	Assistant Secretary- Treasurer	Assistant Secretary- Treasurer	Assistant Treasurer	Assistant Secretary- Treasurer Director
P. S. Cross	Director 20,000 shares	Director	—	—
R. A. Davies, Q.C.	Director 12,000 shares	—	—	—
E. T. Donaldson (2)	Director 138,300 shares	— 7,500 shares	Director	—
L. C. Burns	Director 200 shares	—	—	—
John Kostuik	Director 7,500 shares	—	—	—
E. B. McConkey	Director 500 shares	—	—	—
Anthony Roman	Director 500 shares	—	—	—
Stephen B. Roman	Director	—	—	—
Colin A. Campbell	—	Director	—	—
George C. Knowles	—	Director 2,600 shares	—	—
Harlow H. Wright	—	Director 131 shares	President Director 20,600 shares	— —
L. Pancer	—	Director 625 shares	—	—
R. A. Cranston, Q.C.	—	—	Assistant- Secretary Director	—
J. L. C. Jenner	—	—	Director	—
W. W. Weber	— 13,000 shares	—	—	Director

NOTES:

- (1) Mr. D. W. Knight beneficially owns more than 10% of the voting shares of Dobienco Limited and Draper Dobie & Company Limited. Dobienco Limited beneficially owns 275,369 shares of Mogul, 550,900 shares of Lorado and 415,000 shares of Yale. Draper Dobie & Company Limited beneficially owns 227,909 shares of Mogul. Dobienco Limited and the Estate of H. W. Knight, Jr. beneficially own approximately 68% of the outstanding shares of North Coldstream Mines Limited which beneficially owns 2,100,000 shares of Mogul.
- (2) Mr. E. T. Donaldson and Evandon Explorations Limited (a company owned by Mr. Donaldson and members of his family) beneficially own approximately 13.1% of the outstanding shares of New Quebec Raglan Mines Limited.

INTEREST OF MANAGEMENT AND OTHERS IN PROPOSED AMALGAMATION

The directors or senior officers of the Company and their associates have no material interest, direct or indirect, in the proposed amalgamation except as shareholders of the amalgamating companies as shown in the above table.

EXCHANGE OF SHARE CERTIFICATES

If the amalgamation agreement is adopted by the shareholders of the amalgamating companies and letters patent of amalgamation subsequently issued, shareholders will be notified with respect to the surrender of certificates for outstanding shares of the amalgamating companies for cancellation and as to the means of receiving certificates for shares of the amalgamated company to which they are entitled. Persons entitled to receive fractions of shares of the amalgamated company will not be entitled to be registered on its books in respect thereof or to receive share certificates therefor. Persons entitled to receive fractions of shares of the amalgamated company will be given an opportunity to instruct Guaranty Trust Company of Canada, acting as agent for the shareholders, either to purchase such additional fractions of shares as may be necessary to make whole shares or to sell fractions of shares to which shareholders are entitled and to remit the proceeds in cash.

REQUIRED ACTION BY SHAREHOLDERS

The requisite vote of shareholders required with respect to the foregoing matters is as follows:

- (i) the directors' resolution respecting the application for supplementary letters patent is required by law to be confirmed, with or without variation, as a special resolution by at least two-thirds of the votes cast at the general meeting of shareholders; and
- (ii) the amalgamation agreement is required by law to be adopted by at least two-thirds of the votes cast at the general meeting of shareholders.

RECOMMENDATIONS OF MANAGEMENT

In the opinion of the directors, the changes contemplated by the directors' resolution authorizing an application for supplementary letters patent are in the best interests of the Company and its shareholders for the reasons outlined under the heading "Proposed Application for Supplementary Letters Patent", and the directors recommend that the shareholders of the Company vote in favour of the confirmation of such resolution.

The directors of the Company consider the proposed amalgamation to be in the best interests of the Company and its shareholders and recommend that the shareholders of the Company vote in favour of the adoption of the amalgamation agreement to be voted on at the general meeting of shareholders. In notices concurrently being forwarded to the shareholders of the other amalgamating companies, the directors of such other amalgamating companies are also recommending to shareholders that they vote in favour of the adoption of the amalgamation agreement.

Accompanying this notice of meeting and information circular is a circular setting out, on a pro forma basis, information and financial statements with respect to International Mogul Mines Limited, the amalgamated company to result from the proposed amalgamation. Included in such circular are audited financial statements as at August 31, 1968 of the Company and each of the other amalgamating companies and a pro forma consolidated balance sheet of the amalgamated company. The information set out herein and in such circular of the amalgamated company should enable shareholders to exercise informed judgment as to whether they should vote for or against the proposed amalgamation.

October 31, 1968

This is the Schedule to the foregoing Information Circular

MEMORANDUM OF AGREEMENT made the 31st day of October, 1968.

BETWEEN:

MOGUL MINES LIMITED, a company incorporated under the laws of the Province of Ontario (hereinafter called "Mogul"),

OF THE FIRST PART,

—and—

CANADIAN DYNO MINES LIMITED, a company incorporated under the laws of the Province of Ontario (hereinafter called "Dyno"),

OF THE SECOND PART,

—and—

LORADO URANIUM MINES LIMITED, a company incorporated under the laws of the Province of Ontario (hereinafter called "Lorado"),

OF THE THIRD PART,

—and—

YALE LEAD & ZINC MINES LIMITED, a company incorporated under the laws of the Province of Ontario (hereinafter called "Yale"),

OF THE FOURTH PART.

WHEREAS Mogul was incorporated under the laws of the Province of Ontario by letters patent dated May 29, 1945;

AND WHEREAS Dyno was incorporated under the laws of the Province of Ontario by letters patent dated January 15, 1941;

AND WHEREAS Lorado was incorporated under the laws of the Province of Ontario by letters patent dated April 10, 1952;

AND WHEREAS Yale was incorporated under the laws of the Province of Ontario by letters patent dated December 18, 1948;

AND WHEREAS each of the parties hereto has the same or similar objects;

AND WHEREAS the authorized capital of Mogul is divided into 15,000,000 shares without par value, of which 7,543,246 of the said shares have been issued and are now outstanding as fully paid and non-assessable;

AND WHEREAS the authorized capital of Dyno is \$3,000,000 divided into 3,000,000 shares with a par value of \$1 each, of which 2,861,000 of the said shares have been issued and are now outstanding as fully paid and non-assessable;

AND WHEREAS the authorized capital of Lorado is \$7,000,000 divided into 7,000,000 shares with a par value of \$1 each, of which 6,394,390 of the said shares have been issued and are now outstanding as fully paid and non-assessable;

AND WHEREAS the authorized capital of Yale is \$5,000,000 divided into 5,000,000 shares with a par value of \$1 each, of which 4,692,006 of the said shares have been issued and are now outstanding as fully paid and non-assessable;

AND WHEREAS applications for supplementary letters patent are proposed to be filed on behalf of Dyno, Lorado and Yale and following the issuance of such supplementary letters patent the authorized capital of Dyno will be divided into 3,000,000 shares without par value, the authorized capital of Lorado will be divided into 7,000,000 shares without par value and the authorized capital of Yale will be divided into 5,000,000 shares without par value;

AND WHEREAS each party hereto has made full and complete disclosure to the other parties hereto of its known assets and liabilities;

AND WHEREAS under the authority conferred by The Corporations Act (Ontario) the parties hereto desire and have agreed to amalgamate upon the terms and conditions hereinafter set out and to continue as one company;

NOW THEREFORE THIS AGREEMENT WITNESSETH as follows:

1. In this agreement the term "Amalgamated Company" shall mean the company continuing from the amalgamation of Mogul, Dyno, Lorado and Yale.

2. Mogul, Dyno, Lorado and Yale do hereby agree to amalgamate under the provisions of Section 96 of The Corporations Act (Ontario) and to continue as one company upon the terms and conditions hereinafter set out.

3. The name of the Amalgamated Company shall be INTERNATIONAL MOGUL MINES LIMITED or any variation thereof acceptable to the Lieutenant Governor of the Province of Ontario.

4. The objects of the Amalgamated Company shall be as follows:

(a) To carry on (either directly or through subsidiaries) in all its branches the business of mining, milling, exploration and development;

(b) To acquire, own, lease, prospect for, open, explore, develop, work, improve, maintain and manage mining claims, mineral rights, mining properties or any interest therein, mines and mineral lands and deposits, and to dig for, raise, crush, wash, smelt, assay, analyze, reduce, amalgamate, refine, pipe, convey and otherwise treat ores, metals and minerals, whether belonging to the Company or not, and to render the same merchantable and to sell or otherwise dispose of the same or any part thereof or interest therein;

(c) To take, acquire and hold as consideration for ores, metals or minerals sold or otherwise disposed of or for goods, supplies or for work done by contract or otherwise, shares, debentures or other securities of or in any other company having objects similar, in whole or in part, to those of the Company hereby incorporated and to sell and otherwise dispose of the same;

(d) To invest in real property of every kind and description and in shares, bonds, debentures and other securities and other evidences of indebtedness and to invest and lend money without security or on the security of personal property and to accept as security for any obligation, guarantee or amount owing by any person, corporation or association to the Company any security and to change, alter or realize upon any investments and to re-invest any moneys which may at any time be available for that purpose; and

(e) To guarantee, with or without security, the performance of contracts and the performance of any obligations or undertaking of any person, partnership, company, firm or association, including the payment of dividends, interest, principal and premium, if any, of or on shares, bonds, debentures or other securities and evidences of indebtedness and obligations, mortgages or liabilities of any such person, partnership, company, firm or association

and to accept as security for any loans and guarantees made or given by the Company any security that may be offered by such person, partnership, company, firm or association, including shares, bonds, debentures, pledges, liens or other securities or obligations of such companies, firms or associations.

5. The Amalgamated Company shall not be subject to the provisions of Part IV of The Corporations Act (Ontario).

6. The authorized capital of the Amalgamated Company is to be divided into 4,000,000 shares without par value; provided that the shares shall not be issued for a consideration exceeding in amount or value the sum of \$45,000,000, or such greater amount as the board of directors of the Company may deem expedient on payment to the Treasurer of Ontario of the fees payable on such greater amount and on the issuance by the Provincial Secretary of a certificate of such payment.

7. The issued capital of the Amalgamated Company shall be \$11,046,079.

8. The following shares shall be cancelled without repayment of capital on the date of the letters patent confirming this agreement:

- (a) The 2,026,730 shares without par value in the capital of Dyno registered in the name of Mogul;
- (b) The 315,000 shares without par value in the capital of Lorado registered in the name of Mogul;
- (c) The 1,215,000 shares without par value in the capital of Lorado registered in the name of Dyno;
- (d) The 578,300 shares without par value in the capital of Yale registered in the name of Mogul.

9. The shares of Mogul, Dyno, Lorado and Yale which are issued and outstanding immediately prior to the date of the letters patent confirming this agreement (excluding therefrom the shares to be cancelled as described in paragraph 8 hereof) shall, on and from such last mentioned date, be converted into issued shares of the Amalgamated Company as follows:

(a) The 7,543,246 shares without par value in the capital of Mogul shall be converted into shares without par value in the capital of the Amalgamated Company on the basis of 1 share of the Amalgamated Company for each 4 shares of Mogul;

(b) The 834,270 shares without par value in the capital of Dyno shall be converted into shares without par value in the capital of the Amalgamated Company on the basis of 1 share of the Amalgamated Company for each $6\frac{7}{10}$ shares of Dyno;

(c) The 4,864,390 shares without par value in the capital of Lorado shall be converted into shares without par value in the capital of the Amalgamated Company on the basis of 1 share of the Amalgamated Company for each $8\frac{9}{10}$ shares of Lorado;

(d) The 4,113,706 shares without par value in the capital of Yale shall be converted into shares without par value in the capital of the Amalgamated Company on the basis of 1 share of the Amalgamated Company for each 84 shares of Yale.

10. After the issue of letters patent confirming this agreement, the shareholders of Mogul, Dyno, Lorado and Yale when requested by the Amalgamated Company to do so shall surrender the certificates representing the shares of Mogul, Dyno, Lorado and Yale held by them respectively for cancellation and shall be entitled to receive certificates for shares of the Amalgamated Company on the bases aforesaid, provided that those persons who were shareholders of Mogul, Dyno, Lorado or Yale and who by reason of the conversions referred to in clause 9 hereof become entitled to fractions of shares of the Amalgamated Company shall not be entitled to be registered on the books of the Amalgamated Company in respect thereof or to receive share certificates therefor.

11. The head office of the Amalgamated Company shall be situate in the Municipality of Metropolitan Toronto in the County of York in the Province of Ontario.

12. The board of directors of the Amalgamated Company, until otherwise determined by special resolution, shall consist of twelve (12) members.

The first directors of the Amalgamated Company with their names, callings and places of residence shall be the following:

<u>Name</u>	<u>Calling</u>	<u>Residence</u>
ROBERT DONALD BELL	Mining Executive	7 Hi Mount Drive, Willowdale, Ontario.
LATHAM CAWTHRA BURNS	Investment Dealer	261 Warren Road, Toronto 7, Ontario.
PHILIP SYDNEY CROSS	Mining Engineer	82 Kilbarry Road, Toronto 7, Ontario.
ROBERT ADAIR DAVIES, Q.C.	Solicitor	21 Ava Road, Toronto 10, Ontario.
EVAN THOMAS DONALDSON	Mine Developer	49 Thorncliffe Park Drive, Toronto 17, Ontario.
WILLIAM JAMES	Consulting Geologist	41 St. Leonards Avenue, Toronto 12, Ontario.
DAVID WALLACE KNIGHT	Mining Executive	27 Dale Avenue, Toronto 5, Ontario.
JOHN KOSTUIK	Mining Executive	16 Belleglade Court, Weston, Ontario.
EDWARD BRUCE MCCONKEY	Mining Executive	51 Burnview Crescent, Scarborough, Ontario.
GEORGE DONALD PATTISON	Mining Executive	R.R. #2, Aurora, Ontario.
SYDNEY ALBERT PERRY	Mining Executive	1 Benvenuto Place, Toronto 7, Ontario.
ANTHONY ROMAN	Mining Executive	R.R. #2, Gormley, Ontario.

The said first directors shall hold office until the first annual meeting of the Amalgamated Company or until their successors are elected or appointed. The subsequent directors shall be elected in accordance with the foregoing and the provisions of The Corporations Act (Ontario).

The management and working of the Amalgamated Company shall be under the control of the board of directors from time to time in office, subject to the provisions of The Corporations Act (Ontario).

13. The by-laws of Mogul shall, so far as applicable, be the by-laws of the Amalgamated Company until repealed, amended or otherwise altered.

14. Each of the parties hereto shall contribute to the Amalgamated Company all its assets, subject to its liabilities, as such exist immediately before the amalgamation.

15. The Amalgamated Company shall possess all the property, rights, privileges and franchises as such exist immediately before the amalgamation, and shall be subject to all the liabilities, contracts, disabilities and debts as such exist immediately before the amalgamation of Mogul, Dyno, Lorado and Yale.

16. Upon the shareholders of Mogul, Dyno, Lorado and Yale respectively adopting this agreement, such facts shall be certified upon this agreement by the Secretary of each of the parties hereto under their respective corporate seals and the parties hereto by their joint application shall apply to the Lieutenant Governor of the Province of Ontario for letters patent confirming this agreement.

17. Mogul, Dyno, Lorado and Yale may by resolution of their respective directors assent to any alteration or modification of this agreement which the shareholders of the respective companies at meetings called to consider the same or the Provincial Secretary of Ontario may approve.

IN WITNESS WHEREOF this agreement has been executed by the parties hereto under their respective corporate seals.

CANADIAN DYNO MINES LIMITED

by (Sgd.) "S. A. PERRY"
President

(Sgd.) "J. P. BRISBOIS" C.S.
Assistant Secretary-Treasurer

LORADO URANIUM MINES LIMITED

by (Sgd.) "H. H. WRIGHT"
President

(Sgd.) "E. T. DONALDSON" C.S.
Director

MOGUL MINES LIMITED

by (Sgd.) "D. W. KNIGHT"
President

(Sgd.) "R. D. BELL" C.S.
Secretary-Treasurer

YALE LEAD & ZINC MINES LIMITED

by (Sgd.) "S. A. PERRY"
President

(Sgd.) "G. D. PATTISON" C.S.
Vice-President

LORADO URANIUM MINES LIMITED

Suite 509, 25 Adelaide Street West
Toronto 1, Ontario

TO THE SHAREHOLDERS:

A General Meeting of Shareholders will be held on November 18, 1968 to consider an amalgamation of Lorado Uranium Mines Limited, Mogul Mines Limited, Canadian Dyno Mines Limited and Yale Lead & Zinc Mines Limited.

Over the past few years, each of the amalgamating companies has shared to a large extent management and financial sponsorship. Consequently, it is now believed that the companies would be better served by a joining of interests whereby assets are in one corporate entity. The proposed amalgamation will enable the new company, to be called International Mogul Mines Limited, to:

- (1) provide the financial resources to maintain the substantial investment of your Company in The Grand Bahama Development Company, Limited; your Directors are of the opinion that this investment has good future potential;
- (2) provide a diversification of interests to the benefit of all shareholders;
- (3) realize administrative savings and improve management efficiency as a result of the simplification in the corporate structure of the group; and
- (4) provide a broad base for future expansion and growth.

The aggregate quoted market values of the shares of the amalgamating companies exceeds \$50,000,000. There is little doubt that International Mogul will have a greater growth potential and a more secure financial base than that of the individual amalgamating companies.

The basis for the proposed share exchange has been determined with relation to average recent market values and will give you one share in International Mogul for each $8\frac{9}{10}$ shares you hold in Lorado. Immediately after amalgamation, the issued capital of International Mogul will be 2,605,862 shares, which shares will be listed on The Toronto Stock Exchange. Included in the assets contributed to the amalgamation are:

by Lorado Uranium Mines Limited—a 16.4% interest in The Grand Bahama Development Company, Limited;

by Mogul Mines Limited—a 75% interest in Mogul of Ireland Limited, which operates a producing lead, zinc and silver mine in Ireland and other investments;

by Canadian Dyno Mines Limited—a 16.4% interest in New Quebec Raglan Mines Limited and other investments; and

by Yale Lead & Zinc Mines Limited—an interest in a barite fluorite property in Nova Scotia.

Detailed information concerning these assets is provided in the accompanying circular relating to the amalgamated company, to which we draw your attention.

Your Directors are of the opinion that the amalgamation is in your best interests and that the share exchange proposed is fair and equitable, and recommend that you vote in favour of the amalgamation.

Yours very truly,

HARLOW H. WRIGHT,
President.

Toronto, Ontario,
November 1, 1968.

